
CAPACITY SALE AND TOLLING AGREEMENT

by and among

AES ALAMITOS, L.L.C.,

AES HUNTINGTON BEACH, L.L.C.,

AES REDONDO BEACH, L.L.C.

and

WILLIAMS ENERGY SERVICES COMPANY

Dated as of May 1, 1998

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CAPACITY SALE AND TOLLING AGREEMENT

THIS CAPACITY SALE AND TOLLING AGREEMENT (together with the Schedules hereto, this "Agreement"), made and entered into this 15th day of May 1998, by and among AES Alamitos, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware, AES Huntington Beach, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware, and AES Redondo Beach, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware (collectively, the "AES Subsidiaries"), on the one hand, and Williams Energy Services Company, a corporation organized and existing under the laws of the State of Delaware ("WESCO"), on the other (each of (a) the AES Subsidiaries and (b) WESCO are hereinafter sometimes referred to as a "Party" and sometimes collectively referred to as the "Parties").

ARTICLE I DEFINITIONS

For purposes of this Agreement, the following definitions shall apply unless the context clearly indicates otherwise. All capitalized terms used in this Agreement that are not defined in this Article I shall have the definitions contained elsewhere herein, including the Appendices hereto.

1.1 *Accepted Electrical Practices* means those practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in exercise of reasonable judgment in light of the facts known at the time a decision is made, that could have been expected to accomplish a desired result at reasonable cost consistent with good business practices, reliability, safety and expedition. Accepted Electrical Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather to those practices, methods and acts generally accepted or approved by a significant portion of the electric utility industry in the relevant region, during the relevant time period, as described in the immediately preceding sentence.

1.2 *Additional Ancillary Services Payment* means the payment to be made by WESCO to the AES Subsidiaries in respect of each Unit pursuant to Section 5.3.

1.3 *AES Guaranty* means a guaranty in the form attached hereto as Schedule 19.2.

1.4 *Affiliate* means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

1.5 *Ancillary Services* shall include automatic generating control, spinning reserve, non-spinning reserve, replacement reserve, voltage support and black starts and any and all similar or related services capable of being provided by the Facilities, to the extent commonly sold or saleable (or used or usable) in the electric power generation or transmission industry from time to time.

1.6 *Annual Availability* means, with respect to any Unit in any Contract Year, the average of the hourly Availabilities for such Unit for such Contract Year, excluding Planned Outage Hours.

1.7 *Approvals* means all approvals, permits, licenses, consents or other authorizations from, or filings with, Governmental Authorities or other third parties.

1.8 *Availability* means, with respect to any Unit in any hour and expressed as a percentage, the amount of net MW declared available in an Availability Notice delivered by the AES Subsidiaries in accordance with the terms of this Agreement, divided by such Unit's Dependable Capacity.

1.9 *Availability Bonus* means, as of each date on which a Fixed Payment is due, the greater of (i) zero and (ii) the balance in the Bonus Pool as of such date.

1.10 *Availability Notice* means a Notice stating the Availability per hour per Unit, not to exceed Dependable Capacity and not to be less than such Unit's minimum load on automatic generating control as set forth in Schedule 6, delivered to WESCO by the AES Subsidiaries and effective until delivery of a subsequent Availability Notice.

1.11 *Availability Shortfall* means, with respect to any Unit in any month and expressed as a percentage, the greater of (i) zero and (ii)(A) Guaranteed Availability minus Year-to-Date Availability, divided by (B) Guaranteed Availability.

1.12 *Beginning Requested Dispatch Hour* means the first clock hour, or portion of a clock hour, during which the Facilities are scheduled to deliver Net Electric Energy or provide Ancillary Services during a Dispatch Period.

1.13 *Bonus Pool* means the notional amount, calculated in respect of each Unit pursuant to the provisions of Section 4.4 hereof, from which the Availability Bonus is derived.

1.14 *Btu* means the quantity of heat required to raise the temperature of one pound of pure water from 59°F. to 60°F. at a constant pressure of 14.73 psia.

1.15 *Business Day* means any day on which Federal Reserve member banks in New York, New York are open for business; and a Business Day shall commence at 8:00 a.m. and close at 5:00 p.m., local time, at the location of each Party's principal place of business, or at such other location as the context may require.

1.16 *California Power Exchange* or *PX* means the non-profit public benefit corporation responsible for conducting a competitive auction for electric power in California, as described in Article 4 of Chapter 2.3 of Part 1 of Division 1 of the California Public Utilities Code, or any successor to the functions thereof.

1.17 *Capacity* or *capacity* means the MW output level that a generating unit is capable of continuously producing.

1.18 *Cash Flow Available for Debt Service* means for any period, calculated on a cash basis, all Project Revenues received or projected to be received, as the case may be, by the AES Subsidiaries during the relevant period, minus all Operation and Maintenance Costs paid or projected to be paid during such period.

1.19 *Cold Start* means the Start-up of a Unit after its breaker(s) has been open for at least the number of hours defining a Cold Start for such Unit, as set forth in Schedule 5.4.

1.20 *Consumer Price Index* means Consumer Price Index for all Urban Consumers (CPI-U): Selected areas, all items index, under the category West Urban, Size A, as compiled by the U.S. Department of Labor, Bureau of Labor Statistics.

1.21 *Contract Anniversary Date* means the last day of the twelfth full calendar month beginning on or after the Effective Date, and each anniversary thereof.

1.22 *Contract Year* means each period of twelve months ending on a Contract Anniversary Date, except that the first Contract Year shall also include any portion of the month between the Effective Date and the end of the month in which the Effective Date occurs.

1.23 *Credit Agreement* means any credit agreement and all related collateral security documentation, if any, whether entered into simultaneously with the Sale or thereafter, relating to (a) any indebtedness of the AES Subsidiaries or (b) any indebtedness of any Affiliate of the AES Subsidiaries secured by the assets of the AES Subsidiaries or by which the assets of the AES Subsidiaries may be encumbered, in either case the proceeds of which, directly or indirectly, are used to finance the acquisition of the Facilities.

1.24 *Day* or *day* means a period of twenty-four (24) consecutive hours, beginning at 12:01 a.m., local time, at the Delivery Point; provided, however, that on the Day on which Pacific Daylight Time becomes effective, the period shall be twenty-three (23) consecutive hours, and on the Day on which Pacific Standard Time becomes effective, the period shall be twenty-five (25) consecutive hours; provided, however, if FERC or the ISO should modify the beginning time for a day, the beginning and ending time for a Day under this Agreement shall be revised to correspond to the time established by FERC or the ISO, as the case may be.

1.25 *Debit Factor* means for each Unit in each Contract Year, the number, not to exceed 1.0, equivalent to:

$$(GA + 5\%) \times 0.05$$

$$100\% - (GA + 5\%)$$

where "GA" is such Unit's Guaranteed Availability for such Contract Year.

1.26 *Debt Service* means for any period, the sum that must be paid for such period pursuant to the applicable financing documents for (a) principal payments on the loans made pursuant to such financing documents, (b) interest payments on such loans (net of payments under any interest rate protection agreements), (c) withholding taxes and breakage costs and (d) fees required to be paid to the lenders pursuant to such financing documents.

1.27 *Debt Service Coverage Ratio* means for any period, the ratio of (a) Cash Flow Available for Debt Service to (b) Debt Service.

1.28 *Delivery Point* means each of the physical point(s) set forth on Schedule B, as the same may be amended or supplemented from time to time, at which Net Electric Energy, Ancillary Services, Gas or fuel oil is, or is deemed to be, delivered or provided and measured, as required by the context.

1.29 *Dependable Capacity* means, in respect of each Unit, the total net MW generating capability of such Unit, initially as set forth in Schedule 4.1 and thereafter as adjusted in accordance with the provisions of Article IV.

1.30 *Designated Months* means the months (or portions thereof) of January, February, June, July, August, September and December or such months of a year (or portions thereof), not to exceed seven in aggregate, specified by WESCO pursuant to Section 9.10(a).

1.31 *Dispatch* means the dispatch of Net Electric Energy or Ancillary Services from the Unit or Units.

1.32 *Dispatch Notice* means a Notice delivered to the AES Subsidiaries by or on behalf of WESCO directing the Dispatch of a Unit or Units in the form set forth as part of Schedule 8.2 and effective until the delivery of a subsequent Dispatch Notice. A Dispatch Notice shall specify if it is being delivered pursuant to a directive of the ISO.

1.33 *Dispatch Period* means a period of time during which WESCO has requested delivery of Net Electric Energy or the provision of Ancillary Services starting with a Beginning Requested Dispatch Hour and concluding with an Ending Requested Dispatch Hour. A Dispatch Period may continue for more than one calendar day.

1.34 *Dollars or \$* means United States dollars.

1.35 *Edison* means Southern California Edison Company.

1.36 *Effective Date* means the date on which all conditions to the obligations of the AES Subsidiaries and WESCO specified in Article XXII are satisfied or waived.

1.37 *Electric Metering Equipment* means electric meters and associated equipment including, without limitation, metering transformers and meters for measuring kilowatt-hours and reactive volt-ampere hours, including check meters, if any, utilized in determining the amount of Net Electric Energy or Ancillary Services delivered or provided by the AES Subsidiaries at the Delivery Point, but shall not include any check meters that WESCO may install, own and maintain.

1.38 *Ending Requested Dispatch Hour* means the last clock hour, or portion of a clock hour, during which the Facilities are scheduled to deliver Net Electric Energy or provide Ancillary Services during a Dispatch Period.

1.39 *Existing Indebtedness* has the meaning specified in Section 13.1(m).

1.40 *Facilities* means the electric generating facilities described on Schedule A hereto and includes all associated Interconnection Facilities and Protective Apparatus.

1.41 *FERC* means the Federal Energy Regulatory Commission or any successor agency thereto.

1.42 *Fixed Payment* means the payment to be made by WESCO to the AES Subsidiaries in respect of each Unit pursuant to Section 5.1.

1.43 *Forced Derating* means the reduction of any Unit's load due to an unplanned component failure or other condition that requires the load on the Unit be reduced before 22:00 PPT on the first Friday at least seven (7) Days after the Day on which such failure or condition occurs.

1.44 *Forced Outage* means the removal of any Unit from service for emergency reasons or due to an unplanned component failure or other condition requiring removal before 22:00 PPT on the first Friday at least seven (7) Days after the Day on which such failure or condition occurs.

1.45 *Fuel Conversion Services* means operation of the Facilities by the AES Subsidiaries to combust gas and/or fuel oil in order to generate and deliver at the Delivery Point Net Electric Energy or to provide at the Delivery Point Ancillary Services.

1.46 *Gas or gas* means merchantable natural gas that meets or exceeds the specifications set forth in Section 8.4(b) hereof.

1.47 *Gas Metering Equipment* means gas meters and associated equipment, including check meters, if any, utilized in determining the amount of Gas consumed by the Facilities, but shall not include any check meters that WESCO may install, own and maintain.

1.48 *Governmental Authority* means any federal, state, local or municipal governmental body, any governmental, regulatory or administrative agency, commission, body or

other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, or any court or governmental tribunal.

1.49 *Guaranteed Availability* means in respect of each Unit in each month or Contract Year, the minimum Availability of such Unit, expressed as a percentage and set forth in respect of such Unit in Schedule 4.2 hereto.

1.50 *Guarantor* means The AES Corporation or Williams Holdings of Delaware, Inc., as required by the context.

1.51 *Heat Rate* means, in respect of each Unit the amount of energy expressed in Btu's per net kWh (HHV) determined in respect of such Unit from the Heat Rate curve for such Unit in Schedule 6 hereto.

1.52 *Holiday* means each of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day, as designated from time to time by the North American Electric Reliability Council, or any other day that may be from time to time designated by the North American Electric Reliability Council as a holiday.

1.53 *Hot Start* means the Start-up of a Unit after its breaker(s) has been open for no more than the number of hours defining a Hot Start for such Unit, as set forth in Schedule 5.4.

1.54 *Hourly Gas Price* means, in respect of each hour of a Day, the price per MMBtu of Gas calculated pursuant to the following formula:

$$\text{Hourly Gas Price} = [(A+B+C) / 3] \times 1.013 + D + E + (F \times G \times H) + I$$

Where:

A: the midpoint of the price range published for Gas to flow on such Day as *Gas Daily's* California Border (Topock/Daggett-SW gas to end-users) daily Gas price.

B: the price published for Gas to flow on such Day as *Btu's Daily North American Spot Natgas* Southern California Border - Topock daily gas price.

C: the price published for Gas to flow on such Day as *NGI's Daily Gas Price Index's* Southern California Border (avg) daily gas price.

D: Applicable Firm Intrastate Transmission Service Charge as set forth in SoCal Gas Tariff Schedule No. GT-F.

E: Interstate Transition Cost Surcharge as set forth in SoCal Gas Tariff Schedule No. GT-F.

- F: SoCal Gas Monthly Weighted Average Cost of Gas as set forth in SoCal Gas Tariff Schedule G-CS.
- G: Imputed Franchise Fee Factor as set forth in SoCal Gas Tariff Schedule No. G-MSUR.
- H: Surcharge Percentage, Outside the City of Los Angeles as set forth in SoCal Gas Tariff Schedule No. G-MSUR.
- I: State Regulatory Fee as set forth in SoCal Gas Tariff Schedule No. G-SRF.

If, for any reason, any of the above Gas price indices ceases to be published or is substantially changed so that the formula does not adequately reflect the delivered market price in the geographic region in which the relevant Delivery Points are located, then either Party may provide the other with Notice to such effect and the Parties shall determine an alternative index or indices or alternative method or methods for determining the Hourly Gas Price. The substitute index or indices shall be recognized in the industry as a measure of daily prices for Gas to flow in the geographical region in which the relevant Delivery Points are located. Until a substitute index is agreed upon or determined pursuant to arbitration in accordance with Article XII, the Hourly Gas Price shall be computed as described above. Following agreement, or arbitration, the Hourly Gas Price shall be adjusted retroactively to the date agreed upon by the Parties, or in the event of arbitration, the date on which arbitration was invoked by written notice, to reflect the substitute index. Changes in SoCal Gas tariff rates or charges (nondiscounted basis) applicable to the intrastate transmission to the Facilities of gas used to generate electricity shall be reflected in the Hourly Gas Price.

1.55 *Imbalance Charges* shall mean any scheduling penalties, imbalance penalties, overpull or unauthorized overrun penalties, operational flow order penalties, cash out charges, banking charges or similar penalties, fees or charges assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.

1.56 *Interconnection Facilities* means all structures, facilities, equipment, auxiliary equipment, devices and apparatus directly or indirectly required and installed to interconnect and deliver Net Electric Energy or provide Ancillary Services from the Facilities to the Delivery Point including, but not limited to, electric transmission and/or distribution lines, transformation, switching, Electric Metering Equipment, any other metering equipment, communications, and safety equipment, including, but not limited to, equipment required to protect (i) the electrical system to which the Facilities are connected and its customers from faults occurring at the Facilities, and (ii) the Facilities from faults occurring on the electrical system to which the Facilities are connected or on other electrical systems to which such electrical system is directly or indirectly connected.

1.57 *Interest Rate* means for any calendar month, the highest "Prime Rate" as published in *The Wall Street Journal* under the heading "Money Rates" on the first day in such month on which such information is published.

1.58 *ISO* means California Independent System Operator Corporation or any successor to the functions thereof.

1.59 *kW* means kilowatt.

1.60 *kWh* means kilowatt-hour.

1.61 *Lender* means any Person which provides debt or equity capital, loans, credit or credit support, acts as counterparty on any interest rate or currency hedging arrangements, or provides other financing, to the AES Subsidiaries in respect of the acquisition, of the Facilities; such term also includes any such Person which acts in the capacity of Lender in connection with any refinancing by the AES Subsidiaries of such financing.

1.62 *Lien* means any lien, charge, claim, pledge, security interest or encumbrance of any nature whatsoever.

1.63 *Maintenance Derating* means the reduction of any Unit's load due to removal of a component for scheduled repairs that can be deferred until 22:00 PPT on the first Friday at least seven (7) Days later, but requires a reduction of such Unit's load prior to the next Planned Outage.

1.64 *Maintenance Outage* means the removal of a Unit from service to perform work on specific components that can be deferred until 22:00 PPT on the first Friday at least seven (7) Days later, but which requires that the Unit be removed from service before the next Planned Outage.

1.65 *Major Maintenance Cycle* means, in respect of each Unit, the period of time specified therefor in Schedule 4.2.

1.66 *Market Transactions*, if a Unit is the subject of a MRA, has the meaning ascribed thereto in the MRAs, and otherwise means all transactions in Net Electric Energy, Dependable Capacity or Ancillary Services associated with such Unit.

1.67 *MMBtu* means one million Btu's.

1.68 *Mobil Contract* means that certain Refinery Gas Sale and Purchase Agreement dated as of August 7, 1980, between Edison and Mobil.

1.69 *Mobil* means Mobil Oil Corporation.

1.70 *Month* or *month* means the period beginning at 12:01 a.m., local time, on the first Day of each calendar month and ending at the same hour on the first Day of the next succeeding calendar month.

1.71 *Monthly Availability* means, with respect to any Unit in any month, the average of the hourly Availabilities for such Unit for such month, excluding Planned Outage Hours.

1.72 *MRA* means the Master Must Run Agreements applicable to a Unit or Units, including the applicable appendices thereto, any amendments thereof and any successor agreements between the parties thereto relating to the Facilities.

1.73 *MRA B* means (i) the terms of agreement attached to an MRA as Appendix B thereto or (ii) any other MRA requiring the refund of revenues from Market Transactions to the ISO or another Governmental Authority.

1.74 *MW* means megawatt.

1.75 *MWh* means megawatt-hour.

1.76 *Net Electric Energy* means the amount of electric energy measured in kWh, generated by each Facility (or by an individual Unit, if the context so requires), and delivered to WESCO at the Delivery Point.

1.77 *New Indebtedness* has the meaning specified in Section 13.1(m).

1.78 *New Taxes* means (i) any Taxes or modifications therein enacted and effective after the Effective Date, including, without limitation, that portion of any Taxes or New Taxes that constitutes an increase in the rate thereof (but excluding an increase in the value of the base upon or from which computed), or (ii) any law, order, rule or regulation, or interpretation thereof, enacted and effective after the Effective Date resulting in application of any Taxes to a new or different class of Persons.

1.79 *Non-Availability Discount* means, as of the end of each month, if a Unit's Year-to-Date Availability shall be less than its Guaranteed Availability, the amount computed in accordance with the following formula:

$$\frac{GA - YTDA}{GA} \times \frac{FP}{12} \times M \times DC \times \text{Shortfall Factor}$$

where: "GA" is Guaranteed Availability; "YTDA" is Year-to-Date Availability; "FP" is the Fixed Payment for such Unit (\$/kWyr.); "M" is the number of months elapsed in the then-current Contract Year; "DC" is Unit Dependable Capacity; and the Shortfall Factor applicable to the amount of Availability Shortfall is determined from Schedule 4.3. The term "Availability Shortfall" refers to (i) GA minus YTDA, divided by (ii) GA.

1.80 *Nonmarket Transactions* has the meaning ascribed thereto in the MRAs.

1.81 *Notice* means a communication from one Party to the other Party conforming to the requirements of Article XXI.

1.82 *Off-Peak Times* means each hour not during Peak Times.

1.83 *Oil Metering Equipment* means all meters and associated equipment, including check meters, if any, utilized in determining the amount of fuel oil utilized by the Facilities.

1.84 *Operation and Maintenance Costs* means, for any period, all actual costs and expenses that are incurred and paid for by the AES Subsidiaries, including, but not limited to (i) payments due under any of the Project Documents, (ii) costs of salaries and employee compensation costs, (iii) costs for materials, fuel, supplies, inventories, consumables, utility services and emission credits, (iv) premiums for insurance, (v) Taxes, (vi) costs of settlement of pending or threatened claims or any related fines, judgments or other costs (including legal fees) associated with such claims, (vii) maintenance, operation and repair costs, (viii) capital expenditures, including all costs of major inspections, unscheduled or scheduled major maintenance of the Facilities and all work on account of extraordinary equipment failures and contingencies (including overhaul costs (other than overhaul costs paid from deposits to any major maintenance reserve account)), in each case to the extent such costs are not paid for by proceeds from insurance, (ix) payments under operating leases, (x) legal, accounting and other professional fees, (xi) costs and fees incurred to obtain and maintain all Approvals and (xii) amounts deposited in any major maintenance reserve account. Operation and Maintenance Costs do not include Debt Service, payments with respect to subordinated loans or non-cash charges, including depreciation or non-cash obsolescence charges or reserves therefor, amortization of intangibles or other similar bookkeeping entries.

1.85 *Peak Times* means each hour between 6 a.m. Prevailing Pacific Time and 10 p.m. Prevailing Pacific Time on any day during Designated Months other than a Sunday or a Holiday.

1.86 *Person* means any individual, Governmental Authority, corporation, limited liability company, partnership, limited partnership, trust, association or other entity.

1.87 *Permitted Lien* means any Lien (i) for current taxes not delinquent, (ii) for an immaterial amount or in connection with any immaterial matter, in either case arising in the ordinary course of business and which, together with all other Liens described in this clause (ii), does not materially affect or interfere with the present or intended value or use of the affected property or (iii) securing the loans extended to the AES Subsidiaries on the Effective Date or any permitted refinancings thereof.

1.88 *Planned Outage* means the removal of a Unit from service to perform work on specific components that is scheduled in advance and has a predetermined start date and duration (e.g., annual overhaul, inspections, testing).

1.89 *Planned Outage Schedule* means the schedule deliverable by the AES Subsidiaries to WESCO pursuant to Section 9.10(c).

1.90 *Planned Outage Hours* means, in respect of each Unit in each Contract Year, the number of hours during which such Unit is unavailable due to Planned Outage or, to the extent the AES Subsidiaries shall elect, due to Maintenance Outage beginning and ending within a time period consisting only of consecutive Off-Peak Times, not to exceed 3600 hours during any Major Maintenance Cycle.

1.91 *Prevailing Pacific Time or PPT* means local time in Los Angeles, California.

1.92 *Project Documents* means all agreements and documents to which any AES Subsidiary is a party relating to the ownership, operation or maintenance of any of the Facilities.

1.93 *Project Revenues* means, for any period, the sum of all amounts received by the AES Subsidiaries pursuant to or in connection with (a) the Project Documents or (b) the ownership, use or operation of the Facilities, including any interest income, but not including amounts received from insurance proceeds (other than proceeds from business interruption insurance which shall constitute Project Revenues), condemnation proceeds or indemnities.

1.94 *Protective Apparatus* means such equipment and apparatus, including, but not limited to, protective relays, circuit breakers and the like, necessary or appropriate to isolate the Facilities from the electrical system to which they are connected consistent with Accepted Electrical Practices.

1.95 *Shutdown* means an actual shutdown of a Unit pursuant to a directive of the ISO or of WESCO or pursuant to a Dispatch Notice following the Ending Requested Dispatch Hour of a Dispatch Period.

1.96 *SoCal Gas* means Southern California Gas Company.

1.97 *Spinning Reserve* means unloaded generation, which is synchronized and ready to serve additional demand. It consists of Regulating Reserve and Contingency Reserve.

Regulating Reserve - an amount of Spinning Reserve responsive to automatic generation control, which is sufficient to provide normal regulating margin.

Contingency Reserve - an additional amount of operating reserve sufficient to reduce any difference between actual and scheduled interchange (taking into account the effects of frequency bias) to zero in ten minutes following loss of generating capacity which would result from the most severe single contingency (as from time to time defined by the North American Electric Reliability Council and as determined by its regional designee).

1.98 *Spread* means, in respect of each Unit (i) during each hour such Unit shall be operating, the amount, expressed in \$/MWh, obtained by subtracting from the value of the Net Electric Energy produced by such Unit during such hour and delivered to the Delivery Point (such value to be determined by reference to the unconstrained PX energy price (or, as long as then

published on a daily basis, the most applicable PX energy price), expressed in \$/MWh, for such hour in the day-ahead market) the sum of (a) the Variable Payment for such Unit for such hour, (b) the cost of Gas consumed by such Unit in such hour (such cost to be determined based on the Hourly Gas Price for such hour and the Heat Rate of such Unit at its Dependable Capacity) and (c) an amount representing the pro-rated cost of effecting the most recent Start-up of such Unit prior to such hour, such proration of Start-up cost to be over the total number of hours such Unit shall actually operate between the most recent Start-up and the next occurring Shutdown thereof, and (ii) during each hour such Unit shall not be operating, the amount, expressed in \$/MWh, obtained by subtracting from the value of the Net Electric Energy that such Unit would have produced during such hour for delivery at the Delivery Point had such Unit been Dispatched at the Capacity level specified in the Availability Notice applicable to such hour (such value to be determined by reference to the unconstrained PX energy price (or, as long as then published on a daily basis, the most applicable PX energy price), expressed in \$/MWh, for the Unit's applicable congestion zone for such hour in the day-ahead market) the sum of (A) the Variable Payment that would have been payable for such Unit for such hour, (B) the cost of Gas that would have been consumed by such Unit in such hour (such cost to be determined based on the Hourly Gas Price for such hour and the Heat Rate of such Unit at its Dependable Capacity) and (C) an amount representing the pro-rated cost of effecting a Start-up of such Unit, such proration of Start-up cost to be over the total number of hours such Unit would have operated if it had been Dispatched during each consecutive hour of the period of which such hour is a part in which the Spread was greater than zero.

1.99 *Start-up* means the action of bringing a Unit from Shutdown to synchronization at its minimum load and the unconditional release of such Unit for ramping to the requested scheduled Dispatched Capacity level.

1.100 *Start-up Gas* has the meaning specified in Section 5.4(b).

1.101 *Start-up Notification Lead Time* means the time period required by the AES Subsidiaries to permit startup of the Facilities as scheduled for a Dispatch Period under normal equipment conditions. Such period of time will initially be set as set forth on Schedule 8.2 and revised by mutual agreement of the Parties from time to time to reflect actual operating experience.

1.102 *Start-up Payment* means a payment to the AES Subsidiaries pursuant to Section 5.4 in respect of each Cold Start, Warm Start or Hot Start of each Unit.

1.103 *Taxes* means any or all federal, state and/or local, municipal, ad valorem, property, occupation, severance, generation, first use, conversion, Btu or power, transmission, utility, gross receipts, privilege, sales, use, consumption, excise, lease, transaction, and other taxes, governmental charges, license fees, permit fees, assessments, or increases in or interest on or penalties relating to any of the foregoing, other than taxes based on net income or net worth.

1.104 *Term* means the term of this Agreement commencing on the Effective Date and continuing for a period of fifteen (15) Contract Years thereafter, provided, however, that either Party may by Notice to the other Party at least ninety (90) but not more than one hundred

twenty (120) Days before the end of the fifteenth (15th) Contract Year elect to extend the term of this Agreement for an additional five (5) Contract Years, which if elected shall be considered for all purposes hereof a part of the Term.

1.105 *Transmission Provider* means any Person providing transmission services for Net Electric Energy from after the Delivery Point thereof.

1.106 *Transporter* means any pipeline on which any Gas is transported under this Agreement to the applicable Delivery Point.

1.107 *Uncontrollable Force* means any cause beyond the control of the Party affected, including but not restricted to failure of or threat of failure of facilities, flood, drought, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority and action or nonaction by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority which by exercise of due diligence such Party could not reasonably have been expected to avoid, and which, by the exercise of due diligence, it has been unable to overcome.

1.108 *Unit* means each of the fourteen (14) generating units comprising part of the Facilities and described on Schedule A hereto.

1.109 *Variable Payment* means, in respect of Net Electric Energy, a payment from WESCO to the AES Subsidiaries pursuant to Section 5.2 equivalent to (a) in the case of Net Electric Energy Dispatched and delivered in Market Transactions, \$2.00 per MWh delivered during the relevant month, increasing in the second and subsequent Contract Years by the lesser of (i) 2-1/2% per year and (ii) the percentage increase in the Consumer Price Index during the immediately preceding year, (b) in the case of Net Electric Energy Dispatched and delivered in Nonmarket Transactions, the Variable Cost Payment (as defined in the MRAs) payable by the ISO pursuant to the provisions of the applicable MRAs less the portion of such Variable Cost Payment attributable to (i) hourly operating fuel costs (as such term is used in the MRAs), except to the extent representing compensation for fuel oil consumed, and (ii) scheduling coordinator administration charges (as such term is used in the MRAs).

1.110 *Warm Start* means the Start-up of a Unit after its breaker(s) has been open for the number of hours defining a Warm Start for such Unit, as set forth in Schedule 5.4.

1.111 *Williams Holdings Guaranty* means a guaranty in the form attached hereto as Schedule 19.1.

1.112 *Year-to-Date Availability* means, with respect to any Unit and as of the end of any Month, the average of the hourly Availabilities for such Unit from and including the first hour in the Contract Year in which such Month occurs to and including the last hour of such Month, excluding Planned Outage Hours.

ARTICLE II PURCHASE AND SALE OF CAPACITY AND SERVICES

2.1 **Capacity.** Subject to the terms and conditions herein, during the Term the AES Subsidiaries shall sell and make available to WESCO on an exclusive basis, and WESCO shall purchase and pay for, the Dependable Capacity.

2.2 **Services.** Subject to the terms and conditions herein, during the Term the AES Subsidiaries shall perform for WESCO, on an exclusive basis, and WESCO shall purchase and pay for, Fuel Conversion Services.

2.3 **Exclusive Nature of Agreement.** The relationship between WESCO and the AES Subsidiaries with respect to the Facilities, their Capacity and the Fuel Conversion Services is exclusive. The AES Subsidiaries shall not offer, sell or make available any Unit's Capacity, perform Fuel Conversion Services or, except pursuant to Section 8.3, dispatch any Unit to or for any Person other than WESCO or its successors or permitted assigns; provided, however, that the use of Capacity and associated electric energy by the AES Subsidiaries for the station power needs of the Facilities is permitted. The AES Subsidiaries shall have no obligation to (i) sell or make available to WESCO any Capacity of any Unit in excess of such Unit's Dependable Capacity or (ii) sell, make available or provide to or for WESCO any Fuel Conversion Services or electric energy associated with any Capacity of any Unit in excess of such Unit's Dependable Capacity.

ARTICLE III TERM

3.1 **Term.** The Term of this Agreement shall commence on the Effective Date and continue for a period of fifteen (15) Contract Years; provided, however, that either Party may by Notice to the other Party at least ninety (90) but not more than one hundred twenty (120) Days before the end of the fifteenth (15th) Contract Year elect to extend the term of this Agreement for an additional five (5) Contract Years, which if elected shall be considered for all purposes hereof a part of the Term. This Agreement shall terminate automatically at the end of the Term and neither WESCO nor the AES Subsidiaries shall have any further liability or obligation to the other hereunder, except for obligations or duties that accrued prior to such termination.

ARTICLE IV DEPENDABLE CAPACITY; AVAILABILITY

4.1 **Unit Dependable Capacity.** The Dependable Capacity of each Unit for the first Contract Year is set forth on Schedule 4.1 hereto. For each subsequent Contract Year, the Dependable Capacity of each Unit shall be fixed in a Notice by the AES Subsidiaries to WESCO given not later than 90 days prior to the end of the immediately preceding Contract Year; provided, however, that the Dependable Capacity of each Unit fixed in any such Notice shall not be more than 105% nor less than 95% of the Dependable Capacity of such Unit set forth on Schedule 4.1 hereto. In the event that the Notice provided for in the preceding sentence should

fail to be so given for any Unit in respect of any Contract Year, the Dependable Capacity of such Unit for such Contract Year shall equal such Unit's Dependable Capacity in the immediately preceding Contract Year.

4.2 Guaranteed Availability. Schedule 4.2 sets forth in respect of each Unit the length of its Major Maintenance Cycle, the maximum number of Planned Outage Hours per Major Maintenance Cycle and its Guaranteed Availability. The Annual Availability and the Year-to-Date Availability of each Unit in each Contract Year shall not be less than its Guaranteed Availability. The Dependable Capacity of each Unit will be deemed to have been declared Available on an hourly basis to the extent set forth in the most recent Availability Notice delivered to WESCO by the AES Subsidiaries.

4.3 Non-Availability Discount. If, during any Contract Year, the Monthly Availability of any Unit shall have been, in any Month, less than its Guaranteed Availability, the Fixed Payment payable by WESCO in respect of such Unit and such Month and all subsequent Months in such Contract Year shall be subject to adjustment, upwards or downwards, so that the aggregate Fixed Payments made to date in such Contract Year in respect of such Unit reflect the Non-Availability Discount, as calculated in respect of such Month. If the adjustment of the Fixed Payment in respect of any Unit and any Month is downward and exceeds the Fixed Payment in respect of such Unit for such Month, WESCO shall be entitled to adjust the Fixed Payment in respect of any other Unit downward by the amount of any such excess.

4.4 Availability Bonus. (a) On the date each Fixed Payment is due, WESCO shall pay the Availability Bonus, if any, to the AES Subsidiaries. The balance in the Bonus Pool shall be set at zero on June 1, 1998 and shall be increased or decreased from time to time thereafter as provided in subsections (b), (c), (d) and (e) below.

(b) Except as otherwise provided in subsection (c) below, for each hour (or part thereof) during Peak Times in which a Unit is actually capable of producing Net Electric Energy at a Capacity level at least equal to 100% (or more) of its Dependable Capacity and the Spread for such Unit for such hour (or part thereof) is positive, the Bonus Pool shall be credited an amount equivalent to 5% of the product of (i) the Spread for such Unit for such hour (or part thereof) and (ii) the Dependable Capacity of such Unit.

(c) In respect of each Unit subject to the conditions of MRA B, for each hour (or part thereof) during Peak Times in which such Unit is actually capable of producing Net Electric Energy at a Capacity level at least equal to 100% (or more) of its Dependable Capacity and the Spread for such Unit for such hour (or part thereof) is positive, the Bonus Pool shall be credited an amount equivalent to 1% of the product of (i) the Spread for such Unit for such hour (or part thereof) and (ii) the Dependable Capacity of such Unit; provided, however, that during periods when revenues from Market Transactions are not required to be refunded to the ISO, the provisions of this subsection (c) shall not apply, and the provisions of subsections (b) and (d) shall apply.

(d) For each hour (or part thereof) during Peak Times in which a Unit has not been declared available by the AES Subsidiaries by the delivery of an Availability Notice pursuant to

Section 8.1, if the Spread for such Unit for such hour (or part thereof) is positive, the Bonus Pool shall be debited an amount equivalent to the Debit Factor multiplied by (i) the Spread for such Unit for such hour (or part thereof) and (ii) the Dependable Capacity of such Unit that was declared available in such Availability Notice.

(e) Each time the Availability Bonus is paid, the amount of the Bonus Pool shall be reduced by the amount paid.

4.5 **Reductions.** The AES Subsidiaries will not permit the Dependable Capacity of the Facilities to be reduced except (i) with the consent of WESCO, which may be withheld in WESCO's sole and absolute discretion if such reduction would have an adverse effect on the economic benefit to be derived by WESCO from the Facilities or on the ISO's designation of the Facilities as must-run, or (ii) as permitted pursuant to Section 4.1.

ARTICLE V PRICING

5.1 **Fixed Payment.** For each Contract Year, WESCO shall pay the AES Subsidiaries the Fixed Payments in respect of each Unit set forth on Schedule 5.1 hereto. WESCO shall pay the Fixed Payments monthly in arrears.

5.2 **Variable Payment.** For each calendar month during each Contract Year, in respect of each Unit, WESCO shall pay the AES Subsidiaries the applicable Variable Payment, as adjusted pursuant to the terms hereof. WESCO shall pay the Variable Payment monthly in arrears.

5.3 **Additional Ancillary Services Payment.** The Parties understand and agree that the cost of Ancillary Services is included in and compensated for by the Fixed Payment described in Section 5.1 and the Variable Payment described in Section 5.2. To the extent, however, that the AES Subsidiaries, in providing any additional Ancillary Services requested by WESCO in any calendar month incur incremental costs of operating the Facilities otherwise than pursuant to regular dispatch operations in providing the requested Ancillary Services (i.e., costs not otherwise defrayed or compensated for by the Fixed Payment described in Section 5.1 or the Variable Payment described in Section 5.2), WESCO shall make an additional payment in respect of such Ancillary Services (the "Additional Ancillary Services Payment") provided such Additional Ancillary Services Payment is reasonable (i.e., based on reasonably estimated incremental costs of operating the Unit or Units otherwise than pursuant to regular Dispatch operations) and the AES Subsidiaries shall have advised WESCO of such price by Notice given prior to the time such costs are incurred in accordance with Schedule 8.2. Regular dispatch operation includes, but is not limited to, operation with automatic generating control. WESCO shall pay the Additional Ancillary Services Payment monthly in arrears.

5.4 **Start-up Payment.** (a) In respect of each Cold Start, Warm Start and Hot Start of each Unit (including for purposes of this Section 5.4(a) any uncompleted Start-up canceled by WESCO more than two (2) hours after the time of first firing of the boiler or the

combustion turbine, as the case may be, but excluding any uncompleted Start-up otherwise canceled) required by a Dispatch Notice delivered by WESCO to the AES Subsidiaries following a Shutdown of such Unit, WESCO shall pay the applicable Start-up Payment set forth in Schedule 5.4 hereto. No Start-up Payment shall be made in respect of any Cold Start, Warm Start or Hot Start not following a Shutdown.

(b) WESCO shall make the payments pursuant to this Section 5.4 monthly in arrears.

5.5 Prior to June 1, 1998. Notwithstanding any provision of this Agreement to the contrary, for all Dependable Capacity, Net Electric Energy and Ancillary Services made available by the AES Subsidiaries to WESCO during the period from the Effective Date to, but not including, June 1, 1998, WESCO shall pay the AES Subsidiaries an amount equal to the actual revenues received by WESCO from sales of such Capacity, Net Electric Energy and Ancillary Services, minus the cost of Gas consumed during the period prior to June 1, 1998, determined by reference to the Hourly Gas Price and the actual quantities of Gas consumed in each hour in such period. During the period prior to June 1, 1998, the AES Subsidiaries shall be entitled to have a representative present in WESCO's dispatch center, adjacent to its trading floor, to participate in and approve daily dispatch decisions and decisions with respect to sales of Capacity, Net Electric Energy and Ancillary Services, as the case may be, in the day-ahead market.

5.6 All Payments Subject to Set-off. All Fixed Payments, Variable Payments, Additional Ancillary Services Payments and Start-up Payments shall be, notwithstanding any provision of this Agreement to the contrary, subject to WESCO's rights of set-off provided for in Section 18.2(d).

ARTICLE VI HEAT RATE

6.1 Heat Rate Curves. Schedule 6 sets forth the Heat Rate curve for each of the Units. In the event that in any hour after the completion of the Start-Up and prior to the Shutdown of any Unit, such Unit's actual operating performance, expressed in actual Btu's of Gas consumed per kWh of Net Electric Energy, shall be at a heat rate greater than the Heat Rate set forth in respect of such Unit in Schedule 6 hereto, the AES Subsidiaries shall pay WESCO an amount equivalent to the product of the quantity of Gas (expressed in MMBtu's) consumed in such hour as a result of operation at a level in excess of the Heat Rate and the Hourly Price of Gas at the beginning of such hour. In the event that in any hour any Unit's actual operating performance, expressed in actual MMBtu's of Gas consumed per kWh of Net Electric Energy, shall be at a heat rate lower than the Heat Rate set forth in respect of such Unit in Schedule 6 hereto, WESCO shall pay the AES Subsidiaries an amount equivalent to the product of the quantity of Gas (expressed in MMBtu's) not consumed in such hour as a result of operation at a level below the Heat Rate and the Hourly Price of Gas at the beginning of such hour. All payments pursuant to this Article VI shall be paid monthly in arrears, subject to the rights of set off provided for in Section 18.2(d).

6.2 Gas and Electric Energy. (a) To the extent that the AES Subsidiaries shall declare any Unit in any Availability Notice to be available at less than its Dependable Capacity, if WESCO shall request Dispatch of such Unit at the maximum Capacity level set forth in such Availability Notice, then the applicable Heat Rate for the Dispatch Period shall be such Unit's Heat Rate at its Dependable Capacity. To the extent WESCO shall Dispatch such Unit at a Capacity level lower than the maximum set forth in an Availability Notice, the Heat Rate for such Dispatch Periods shall be the Heat Rate applicable to the actual Capacity level at which such Unit is Dispatched by WESCO.

(b) WESCO shall provide, pursuant to Section 8.4, to the AES Subsidiaries the quantity of Gas actually consumed during the hours necessary to complete a Cold Start, Warm Start or Hot Start, as the case may be, of any Unit, not to exceed the maximum number of hours specified for a Cold Start, Warm Start or Hot Start of such Unit in Schedule 5.4. WESCO shall pay for or reimburse the AES Subsidiaries for the cost of the quantity of electric energy actually consumed during the hours necessary to complete a Cold Start, Warm Start or Hot Start, as the case may be, of any Unit, not to exceed the maximum number of hours specified for a Cold Start, Warm Start or Hot Start of such Unit in Schedule 5.4, such cost to be determined as the product of the (i) quantity of electric energy (expressed in kWh) consumed multiplied by (ii) the PX price for electric energy (expressed in kWh) in each hour of such Cold Start, Warm Start or Hot Start.

(c) In the event that the quantity of Gas consumed to complete a Cold Start, Warm Start or Hot Start, as the case may be, of any Unit ("Start-up Gas") exceeds the amount of Gas specified in respect of such Unit for a Cold Start in Schedule 5.4 hereto, the AES Subsidiaries shall pay WESCO an amount equal to the product of (i) such excess quantity (expressed in MMBtu's) multiplied by (ii) the Hourly Price of Gas at the beginning of such Cold Start, Warm Start or Hot Start. In the event that the amount of electric energy consumed to complete a Cold Start, Warm Start or Hot Start, as the case may be, of any Unit ("Start-Up Power") exceeds the amount of electric energy specified in respect of such unit for a Cold Start in Schedule 5.4 hereto, the AES Subsidiaries shall bear the cost of such excess amount of Start-Up Power.

ARTICLE VII METERING

7.1 Electricity. (a) Net Electric Energy delivered by the AES Subsidiaries shall be metered at the Delivery Point on an individual Unit continuous real-time basis. As long as the ISO shall continue to require, the ISO's electric revenue meter shall be used to determine conclusively, subject to Section 7.9(b), the amount of Net Electric Energy delivered by the AES Subsidiaries at the Delivery Point.

(b) The AES Subsidiaries shall be responsible for the maintenance, testing and calibration of the Electric Metering Equipment and the maintenance and testing of the electrical facilities and Protective Apparatus, including any transmission equipment and related facilities, necessary to interconnect the Facilities at the relevant Delivery Points to the relevant electrical system. WESCO shall have the right to receive data in electronic form in real time on a continuous basis from each Unit, and the AES Subsidiaries undertake to install at each Unit one electric meter which is capable of providing such data to WESCO's reasonable satisfaction. Such

installation shall be completed, and the delivery of such data shall be commenced, as promptly as possible after the Effective Date (but in no event later than three months after the Effective Date). The AES Subsidiaries shall bear all costs and expenses of installing, maintaining and testing all Electric Metering Equipment. WESCO shall bear the costs of the delivery to WESCO of data from such meters.

7.2 Gas. (a) Gas delivered by WESCO to the AES Subsidiaries shall be metered at the Delivery Point, and as consumed at each individual Unit, in all cases on a continuous real time basis. As long as SoCal Gas and Mobil shall continue to require, the SoCal Gas and Mobil revenue meters shall be used to determine conclusively the quantity of Gas delivered at the Delivery Point. As long as SoCal Gas and Mobil shall continue to require, the SoCal Gas and Mobil gas chromatograph shall be used to determine conclusively, subject to Section 7.9(b), the Btu content of all Gas delivered at the Delivery Point.

(b) The AES Subsidiaries shall be responsible for the installation, maintenance, testing and calibration of the Gas Metering Equipment (to the extent not otherwise installed, maintained, tested and calibrated by the transporter or supplier of Gas to the Facilities). WESCO shall have the right to receive data in electronic form in real time on a continuous basis from the Delivery Point and from each Unit, and the AES Subsidiaries undertake to install at each Unit one gas meter which is capable of providing such data to WESCO's reasonable satisfaction. Such installation shall be completed, and the delivery of such data shall be commenced, as promptly as possible after the Effective Date (but in no event later than three months after the Effective Date). The AES Subsidiaries shall bear all costs and expenses of installing, maintaining and testing all Gas Metering Equipment. WESCO shall bear the cost of the delivery to WESCO of data from such meters.

(c) The AES Subsidiaries will continue to maintain each Unit's v-cone Gas meters in accordance with the provisions of this Agreement, including without limitation, Section 7.9(b), and such meters will be used to determine the proportional amount of the quantity of Gas delivered at the Delivery Point that is consumed by each Unit.

7.3 Fuel Oil. To the extent that the MRAs, applicable law or regulations, the ISO or any Governmental Authority shall require that the Facilities or any portion thereof operate or be capable of operating on fuel oil, the AES Subsidiaries shall (a) procure and deliver or cause to be delivered to the relevant Delivery Points all required quantities of fuel oil and (b) be responsible for the procurement, installation, maintenance, testing and calibration of all facilities necessary in connection with the receipt, storage and use of fuel oil and the Oil Metering Equipment. WESCO shall not have any right, title or interest in the fuel oil delivered to the Facilities pursuant to this Agreement.

7.4 Check Meters. WESCO may at its option and expense install and operate one or more check meters to check the AES Subsidiaries' meters. Such check meters shall be for check purposes and shall not be used in the measurement of Gas, Net Electric Energy or fuel oil for the purposes of the Agreement except as provided in Section 7.9(b) hereof. The check meters shall be subject at all reasonable times to inspection and examination by the AES Subsidiaries or their designee. The installation and operation thereof shall, however, be done entirely by WESCO in

accordance with good industry practices for check metering equipment. The AES Subsidiaries shall grant to WESCO at no cost or expense the right to install such check meters at each Delivery Point and the right to access such check meters at reasonable times as requested by WESCO if such check meters are located on the AES Subsidiaries' premises.

7.5 Change in Measurement Method. If, at any time during the Term a new method or technique is developed with respect to electricity, gas or fuel measurement, or the determination of the factors used in electricity, gas or fuel measurement, such new method or technique may be substituted for the method set forth in this Article VII when in the opinion of the Parties, employing such new method or technique is advisable, and they so agree in writing.

7.6 Industry Standards. All Electric Metering Equipment, Gas Metering Equipment and Oil Metering Equipment, whether owned by the AES Subsidiaries or by a third party, shall be operated, maintained and tested by and/or on behalf of the AES Subsidiaries in accordance with Accepted Electrical Practices, in the case of the Electric Metering Equipment, in accordance with AGA and ANSI standards in the case of the Gas Metering Equipment and in the case of the Oil Metering Equipment, applicable industry standards.

7.7 Access. Each Party shall have the right to receive reasonable advance Notice with respect to, and to be present at the time of, any installing, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting of Electric Metering Equipment, Gas Metering Equipment or Oil Metering Equipment irrespective of whether such Electric Metering Equipment, Gas Metering Equipment or Oil Metering Equipment is owned or operated by the AES Subsidiaries or by a third party. The records from such Electric Metering Equipment, Gas Metering Equipment and Oil Metering Equipment shall be the property of the AES Subsidiaries, but upon reasonable advance Notice, the AES Subsidiaries shall make available to WESCO all data, records and charts relating to the Electric Metering Equipment, Gas Metering Equipment and Oil Metering Equipment, together with calculations therefrom, for inspection and verification.

7.8 Installations. Any installations of Electric Metering Equipment, Gas Metering Equipment and Oil Metering Equipment required pursuant to this Agreement shall be scheduled by the AES Subsidiaries; provided, however, that no installation which shall or could affect deliveries of Gas or Net Electric Energy shall be made without the prior written consent of WESCO, which shall not be unreasonably withheld. Any installations of check meters by WESCO shall be scheduled by WESCO; provided, however that the installation shall not unreasonably interfere with the operation and maintenance of the Facilities by the AES Subsidiaries.

7.9 Estimates. (a) During the period after the Effective Date and prior to the installation at any Unit and commencement of operation of the meters contemplated by Sections 7.1, 7.2 and 7.3, the Net Electric Energy generated and delivered by each Unit shall be estimated in good faith by the AES Subsidiaries, and the quantities of Gas and fuel oil consumed by each Unit shall be estimated in good faith by WESCO and the Parties shall prepare and submit invoices on the basis of such estimates. Any such invoice shall be adjusted retroactively based on the performance of the relevant Unit during the three month period immediately following the installation of such meters.

(b) The AES Subsidiaries at their sole cost and expense shall inspect and calibrate, or cause to be inspected and calibrated, all Electric Metering Equipment, Gas Metering Equipment and Oil Metering Equipment periodically, but not less frequently than annually. When any test shall show a measurement error of more than (i) in the case of Gas Metering Equipment, two percent (2%) or such lower percentage as may be established by applicable tariff, (ii) in the case of Electric Metering Equipment, one-quarter percent (¼%), or (iii) in the case of Oil Metering Equipment, two percent (2%), correction shall be made for the period during which the measurement instruments were in error, first, by using the registration of WESCO's check meter, if installed and registering accurately; if no check meter is installed and registering accurately, or if the period cannot be ascertained, correction shall be made for one-half (1/2) of the period elapsed since the last date of test; and the measuring instrument shall be adjusted immediately to measure accurately.

7.10 Records. The Parties shall, for five (5) years or such longer period as may be required by the ISO, each keep and maintain accurate and detailed records relating to each Unit's hourly deliveries of Net Electric Energy and Gas consumption. Such records shall be made available for inspection by either Party or any Governmental Authority having jurisdiction with respect thereto during normal business hours upon reasonable Notice. If either Party (the "Notifying Party") shall propose to discard any records theretofore required to be retained by this Section 7.10, it shall give Notice to the other Party thereof and the other Party may within thirty (30) days elect to take possession of such records by Notice to the Notifying Party, and in such case the Notifying Party shall promptly deliver such records to the other Party at its expense. If the Party receiving a Notice pursuant to this Section 7.10 shall not respond within thirty (30) days, the Notifying Party may discard such records without any further obligation hereunder.

ARTICLE VIII DISPATCH

8.1 Availability Notice. The AES Subsidiaries shall from time to time furnish to WESCO an Availability Notice with respect to each Unit in the form set forth in Schedule 8.2 at or before 4:30 a.m. PPT on the Day prior to the first Day to which such Availability Notice shall relate. Delivery of an Availability Notice by the AES Subsidiaries to WESCO with respect to any Unit declared available shall be deemed a declaration that all Ancillary Services capable of being provided from such Unit are Available for the Day or Days for which such Availability Notice shall be effective.

8.2 Dispatch Rights. (a) Consistent with the operational limits of the Facilities and the Capacity level indicated in the controlling Availability Notice, WESCO shall at all times during the Term have the exclusive right (i) to Dispatch the Facilities in order to comply fully with the MRAs applicable to the Facilities and, at WESCO's option, to engage in Market Transactions, (ii) to utilize the Net Electric Energy and Ancillary Services associated with the Dependable Capacity and (iii) to market the Dependable Capacity, the associated Net Electric Energy and the associated Ancillary Services, in each case subject to the terms and conditions specified herein. The operating procedures relating to the Facilities and the Dispatch and operation thereof are set forth in Schedule 8.2. Schedule 8.2 shall be from time to time amended, in writing signed by the

Parties, as necessary to ensure the efficient, safe and competitive operation of the Units. WESCO shall from time to time furnish to the AES Subsidiaries with respect to each Unit a Dispatch Notice in the form set forth in Schedule 8.2. A Dispatch Notice shall be effective until the delivery of a subsequent Dispatch Notice. If prior to the delivery of a subsequent Dispatch Notice, the AES Subsidiaries shall have delivered a new Availability Notice changing the Availability of any Unit, WESCO's previously delivered Dispatch Notice shall be deemed amended (x) to the Capacity level indicated in such subsequent Availability Notice if WESCO's immediately preceding Dispatch Notice dispatched the Unit at the full Capacity declared available in such immediately preceding Availability Notice, or (y) at the lesser of the Capacity level indicated in such subsequent Availability Notice or the Capacity Dispatched in WESCO's immediately preceding Dispatch Notice if WESCO's immediately preceding Dispatch Notice dispatched the Unit at less than the full Capacity declared available in the immediately preceding Availability Notice.

(b) WESCO shall at all times during the Term, in connection with the exercise of its rights and performance of its obligations under this Agreement, Dispatch the Facilities and otherwise comply with its obligations under, and the directives of the ISO pursuant to, the MRAs and the ISO tariff. The AES Subsidiaries shall at all times during the Term, in connection with the exercise of their rights and performance of their obligations under this Agreement, operate and maintain the Facilities and otherwise perform their obligations under, and the valid directives of the ISO pursuant to, the MRAs and the ISO tariff.

(c) When a Dispatch Period will involve a Cold Start, Warm Start or Hot Start, WESCO shall provide the AES Subsidiaries with advance notice of at least the Start-up Notification Lead Time. When a Dispatch Period, including revisions to a previously scheduled Dispatch Period, does not involve a Cold Start, Warm Start or Hot Start or when a Unit shall be operating with automatic generating control, WESCO shall provide the AES Subsidiaries with a Dispatch Notice in accordance with the procedures and timing requirements therefor set forth in Schedule 8.2.

(d) WESCO shall have the right to Dispatch each particular Unit, and the AES Subsidiaries shall not have the right to Dispatch an alternative Unit in response to a Dispatch Notice; provided, however, that the AES Subsidiaries may with WESCO's written consent provide the requested Net Electric Energy or Ancillary Services from a source not part of the Facilities and in such case the payments WESCO shall be obligated to make to the AES Subsidiaries during such Dispatch Period with respect to such alternative source shall be the payments WESCO would have been liable for if the requested Unit had been dispatched and the requested Net Electric Energy or Ancillary Services delivered at the Delivery Point.

8.3 AES Dispatch. The AES Subsidiaries shall have the right to Dispatch the Facilities or any portion thereof only if, and only to the extent that, (a) the AES Subsidiaries are contractually obligated to do so under the terms of the MRAs applicable to the Facilities, or (b) the AES Subsidiaries are required to do so by applicable law, regulation or tariff.

8.4 Gas. (a) If WESCO shall Dispatch a Unit or Units, WESCO shall deliver or cause to be delivered to the AES Subsidiaries at the relevant Delivery Points all quantities of Gas required

by the AES Subsidiaries (i) to generate Net Electric Energy and provide Ancillary Services and (ii) subject to Section 6.2(b) and Section 6.2(c), to perform Cold Start-ups, Warm Start-ups and Hot Start-ups in response to a Dispatch Notice following a Shutdown (excluding, however, Gas used to generate Start-up Power). WESCO shall deliver, or cause to be delivered, Gas at the Delivery Point at the pressures in effect from time to time in the pipeline(s) of the respective Transporter(s). WESCO shall at times retain title to all quantities of Gas delivered to the Facilities pursuant to this Section 8.4(a)

(b) (i) WESCO shall sell and deliver or cause to be delivered and the AES Subsidiaries shall purchase and accept at the relevant Delivery Points all of the AES Subsidiaries' requirements for Gas for use at the Facilities in excess of the quantities described in Section 8.4(a) (such Gas being sometimes referred to as "Purchased Gas"). The purchase price for all Gas delivered and received pursuant to this Section 8.4(b) shall be the Hourly Gas Price for the hour in which delivery is made.

(ii) The Purchased Gas to be received by the AES Subsidiaries hereunder shall be delivered by WESCO at uniform hourly and daily rates of flow as nearly as practicable, but it is recognized that due to operating conditions the quantities of Purchased Gas received and delivered may not be in balance on any one particular day. The Parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If the AES Subsidiaries or WESCO receives an invoice from a Transporter that includes Imbalance Charges, the Parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of the AES Subsidiaries' actions or inactions (which shall include, but not be limited to, the AES Subsidiaries' failure to accept scheduled quantities of Purchased Gas), then the AES Subsidiaries shall pay for such Imbalance Charges, or reimburse WESCO for such Imbalance Charges paid by the WESCO to the Transporter. If the Imbalance Charges were incurred as a result of WESCO's actions or inactions (which shall include, but shall not be limited to, WESCO's failure to deliver scheduled quantities of Purchased Gas), then WESCO shall pay for such Imbalance Charges, or reimburse the AES Subsidiaries for such Imbalance Charges paid by the AES Subsidiaries to the Transporter.

(iii) Each Party shall designate authorized representatives to effect the scheduling of the Purchased Gas. The Parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of Transporters. Each Party shall give the other Party timely prior notice, sufficient to meet the requirements of all Transporters, of the quantities of Purchased Gas to be delivered and purchased each Day. Should either Party become aware that actual deliveries at the Delivery Point are greater or lesser than scheduled deliveries, such Party shall promptly notify the other Party.

(c) All Gas other than Gas supplied by Mobil pursuant to the Mobil Contract, shall be of merchantable quality and shall meet the quality specifications set forth in the applicable Transporter's tariff or, if applicable, the applicable Transporter's transportation agreement entered into with WESCO for the purposes of effecting deliveries of Gas pursuant to this Agreement. WESCO agrees that at the request AES Subsidiaries it will use reasonable efforts to exercise any curtailment rights available to it under the Mobil Contract in respect of deliveries of Gas not meeting the quality specifications of this Section 8.4(b).

(d) The unit of Gas quantity measurement for purposes of this Agreement shall be one MMBtu.

8.5 Transmission/Transportation Costs. WESCO shall be responsible for and bear all costs and expenses related to (a) all transmission and other services required to move Net Electric Energy that is delivered by the AES Subsidiaries at the Delivery Point from the Delivery Point to other points, and (b) all transport of Gas to the Delivery Point on one or more Transporter(s) as determined in WESCO's sole discretion. The AES Subsidiaries shall be responsible for all costs and expenses related to (a) the supply and transportation of fuel oil to the relevant Delivery Point and, (b) the transportation of Gas and fuel oil at and from the relevant Delivery Point and the transmission of Net Electric Energy to the relevant Delivery Point.

8.6 Non-Dispatch. Provided that WESCO provides the AES Subsidiaries with a Dispatch Notice complying with the provisions of this Agreement, including, but not limited to, the provisions of Section 8.2(c), in the event that, in any hour, the requested Unit or Units (or alternate sources permitted in accordance with Section 8.2(d)) do not deliver (for any reason, including the failure of any Unit Start-up to be completed within the time specified therefor in Schedule 5.4) the requested Dependable Capacity, Net Electric Energy or Ancillary Services, in whole or in part, the AES Subsidiaries shall pay WESCO on the date payment would otherwise be due to the AES Subsidiaries, an amount for each MW, MWh or unit or units of Ancillary Services of such deficiency equal to the positive difference, if any, obtained by subtracting the price or prices payable that would have been therefor under this Agreement from the Replacement Price; "Replacement Price" means the PX price at the beginning of the first hour of Non-Dispatch of (or if not available from the PX, the price at which WESCO purchases in a commercially reasonable manner a substitute for) the MW, MWh or Ancillary Services not delivered or made available by the AES Subsidiaries plus any additional transmission charges, PX charges and related penalties, if any, incurred by WESCO to the Delivery Point, less the value of the quantity of Gas not consumed to produce the MW, MWh or Ancillary Services not delivered or made available (i.e., the quantity of Gas that would have been consumed if the requested Dependable Capacity, Net Electric Energy or Ancillary Services had been delivered or made available based on the Units' Heat Rate applicable to the Capacity level at which Dispatched minus the quantity of Gas actually consumed) determined by reference to the Hourly Gas Price at the beginning of the first hour of such period of non-Dispatch, plus an amount for each MMBtu of Gas not received by the AES Subsidiaries equal to the positive difference, if any, obtained by subtracting the Sales Price from the Hourly Gas Price at the beginning of the first hour of such period of Non-Dispatch; "Sales Price" means the Hourly Gas Price, for this purpose determined by using only the index described in factor A (rather than the average of factors A, B and C), on the Day on which the Gas not received by the AES Subsidiaries is sold, plus any Imbalance Charges incurred by WESCO as a result of the AES Subsidiaries' failure to receive Gas and any additional transport charges and related penalties, if any, incurred by WESCO.

8.7 Net Electric Energy. (a) The Net Electric Energy to be delivered by the AES Subsidiaries under this Agreement shall be three-phase, 60 hertz, alternating current at a nominal voltage acceptable to the Transmission Provider at the Delivery Point, shall not adversely affect the voltage, frequency, waveshape or power factor of power at the Delivery Point and shall be

delivered at the Delivery Point in a manner acceptable to the Transmission Provider at the Delivery Point.

(b) WESCO shall receive all Net Electric Energy or Ancillary Services delivered to or provided at the Delivery Point (or Net Electric Energy or Ancillary Services that the AES Subsidiaries are capable of delivering or providing at the Delivery Point but which cannot be delivered by reason of conditions on the WESCO side of the Delivery Point not resulting from an act or omission of the AES Subsidiaries) and shall be responsible for all transmission arrangements (including control area services) and for associated costs and losses after taking receipt of Net Electric Energy at the Delivery Point and for any applicable fees and taxes incurred after the Delivery Point.

8.8 Risk of Loss and Indemnity. As between the Parties, WESCO shall be deemed to be in exclusive possession and control (and responsible for any damages or injury resulting therefrom or caused thereby) of the Gas prior to the Delivery Point therefor and the Net Electric Energy and Ancillary Services after the Delivery Point therefor, and the AES Subsidiaries shall be deemed to be in exclusive possession and control (and responsible for any damages or injury resulting therefrom or caused thereby) of the Gas at and from the Delivery Point therefor and the Net Electric Energy and Ancillary Services prior to and at the Delivery Point therefor. Risk of loss related to the Gas shall transfer from WESCO to the AES Subsidiaries at the Delivery Point therefor and risk of loss related to the Net Electric Energy and Ancillary Services shall transfer from the AES Subsidiaries to WESCO at the Delivery Point therefor. WESCO shall indemnify, defend and hold harmless the AES Subsidiaries from and against any liabilities arising out of or in any way relating to WESCO's possession or control of the Gas up to the Delivery Point or its possession and control of the Net Electric Energy and Ancillary Services after the Delivery Point therefor, and the AES Subsidiaries shall indemnify, defend and hold harmless WESCO from and against any liabilities arising out of or in any way relating to the AES Subsidiaries' possession or control of the Gas at and from the Delivery Point therefor or their possession and control of the Net Electric Energy and Ancillary Services prior to and at the Delivery Point therefor.

8.9 Operation on Oil. The AES Subsidiaries shall not operate any Unit using any fuel other than Gas without the prior written consent of WESCO, which will not be unreasonably withheld if in order to comply with a directive of the ISO. WESCO shall not have the right to direct the AES Subsidiaries to operate on any fuel other than Gas, unless pursuant to a directive of the ISO.

8.10 Alternative or Additional Delivery Point. WESCO has the right at any time or times to designate one or more alternate or additional Delivery Points at the Facilities for the delivery of Net Electric Energy or Ancillary Services, as the case may be, and subject to the remaining provisions of this Section 8.10, in such case Schedule B shall be automatically and without further action on the part of either Party amended to reflect such alternate or additional Delivery Point. The cost, including the cost of permitting, design, engineering, construction and testing, of all Interconnection Facilities necessary in connection with the establishment or removal of such additional or alternate Delivery Point, including all Protective Apparatus and Electric Metering Equipment shall be for the account of WESCO and all Interconnection Facilities, Protective Apparatus and Electric Metering Equipment shall be reasonably acceptable to the AES

Subsidiaries. The AES Subsidiaries will provide access to the Facilities for WESCO and its employees, agents and contractors for all purposes necessary in connection with the establishment or removal of such additional or alternate Delivery Point or the exercise by WESCO of any of its rights under this Section 8.10. All Interconnection Facilities, Protective Apparatus and Electric Metering Equipment constructed to serve the additional Delivery Points shall be upon the completion of construction and testing thereof sold by WESCO to the AES Subsidiaries for \$1.00 (subject to an option in favor of WESCO to repurchase at any time or from time to time for \$1.00 such Interconnection Facilities, Protective Apparatus and Electric Metering Equipment or any portion thereof to the extent not necessary for the performance by the AES Subsidiaries of their obligations hereunder, in which case the affected alternate or additional Delivery Point shall be deleted from Schedule B), shall for all purposes of this Agreement be considered a part of the Facilities and shall be operated and maintained by the AES Subsidiaries as such in accordance with the terms of this Agreement. The incremental cost of operating and maintaining such Interconnection Facilities, Protective Apparatus and Electric Metering Equipment shall be for the account of WESCO. In the event WESCO elects to purchase such Interconnection Facilities, Protective Apparatus and Electric Metering Equipment, WESCO may at its sole cost and expense remove such items from the Facilities.

ARTICLE IX OPERATION AND MAINTENANCE

9.1 Operation and Maintenance Obligations. At all times during the Term, the AES Subsidiaries shall install, construct, test, operate and maintain the Facilities in a manner not inconsistent with the MRAs and shall, except as provided in Section 8.10, bear all costs and expenses of such installation, construction, testing, operation and maintenance, including without limitation labor, parts, supplies, insurance and applicable Taxes. Such installation, construction, testing, operation and maintenance shall be performed in accordance with Accepted Electrical Practices, applicable statutes, codes, regulations, standards and guidelines adopted by Governmental Authorities, the North American Electric Reliability Council, the Western Systems Coordinating Council or the ISO from time to time. Subject to WESCO's rights set forth in this Agreement, the AES Subsidiaries shall have full and complete responsibility for and control over testing, operation and maintenance of the Facilities.

9.2 Operation. The AES Subsidiaries shall operate the Facilities in parallel with the electrical system to which the Facilities are connected with governor control and shall deliver Net Electric Energy at the Delivery Points in a form appropriate to such electrical system.

9.3 Automatic Regulation. The AES Subsidiaries agree that all of the Units other than Alamitos Unit 7 and Huntington Beach Unit 5 shall have automatic generating control equipment installed, and that such automatic generating control equipment shall be capable of being controlled from a location chosen by WESCO. The AES Subsidiaries shall at WESCO's direction operate the Facilities with automatic generating control equipment in service.

9.4 Response Rates. (a) The AES Subsidiaries shall provide to WESCO response rates greater than those set forth in Schedule A for automatic generation control, when the relevant

control systems are technically sufficient for such faster response rates, consistent with Accepted Electrical Practices.

(b) The maximum ramp rate for each Unit when not operating with automatic generating control equipment in service for providing Contingency Reserve will be established during the ISO Ancillary Services verification process. WESCO shall be entitled to use the maximum ramp rate determined by such verification process to bid Spinning Reserve. The maximum ramp rate will only be required when the ISO or WESCO is called to meet a Contingency Reserve obligation, consistent with Accepted Electrical Practices, unless, in the reasonable judgment of the AES Subsidiaries doing so would have a material adverse effect on the Unit.

9.5 Disconnection. Except as provided in Section 8.10, in the event that for whatsoever reason the ISO or any owner or operator of the electrical system to which the Facilities are connected requires that the Facilities or any portion thereof be disconnected from such electrical system (or requires that deliveries of Net Electric Energy otherwise be curtailed, reduced or interrupted), the AES Subsidiaries shall be solely responsible for all costs and expenses incurred by the AES Subsidiaries due to such disconnection or interruption.

9.6 Correction. The AES Subsidiaries shall use their best efforts to correct promptly any condition at the Facilities which necessitates the disconnection of the Facilities or the reduction, curtailment or interruption of electrical output of the Facilities.

9.7 Certificate of Compliance. The AES Subsidiaries shall furnish to WESCO on each Contract Anniversary Date a certificate, together with such supporting documentation as WESCO shall reasonably request, demonstrating that, during the preceding Contract Year, the AES Subsidiaries have performed or caused to be performed during such Contract Year all maintenance and testing of the Facilities required by the terms of the applicable MRAs and this Article IX.

9.8 Access. During the Term and all extensions thereof, the AES Subsidiaries shall provide one office at each of the Facilities for use by a WESCO employee or agent and provide such employee or agent continuing and unrestricted accompanied access to the Facilities and all appurtenant electrical equipment at all times and for any duration for the purpose of (i) verifying, reviewing, and/or monitoring the operation of the Facilities and all appurtenant electrical equipment for the purpose of determining the AES Subsidiaries' compliance with this Agreement; (ii) inspecting, examining and testing such equipment and facilities as authorized under this Agreement; and (iii) exercising its rights with respect to alternate or additional Delivery Points pursuant to Section 8.10. In addition, the AES Subsidiaries shall provide WESCO's other employees and/or agents accompanied access to the Facilities as aforesaid, at reasonable times, subject to the AES Subsidiaries' reasonable requirements with respect to safety and security. WESCO's employees and/or agents shall conduct themselves so as to not hamper or impede the Facilities' operations.

9.9 Maintenance of Records. The AES Subsidiaries shall keep and maintain accurate and complete records for the Facilities in a manner consistent with Accepted Electrical Practices,

applicable statutes, codes, regulations, standards and guidelines adopted by Governmental Authorities, the North American Electric Rehabilitating Council, the Western Systems Coordinating Council or the ISO from time to time and the terms of the MRAs, including such information relating to the operation and maintenance of the Facilities and all associated equipment as is appropriate. The AES Subsidiaries shall make such records available to WESCO for inspection and copying from time to time as WESCO may reasonably request. If either Party (the "Notifying Party") shall propose to discard any records theretofore required to be retained by this Section 9.9 it shall give Notice to the other Party thereof and the other Party may within thirty (30) days elect to take possession of such records by Notice to the Notifying Party, and in such case the Notifying Party shall promptly deliver such records to the other Party at its expense. If the Party receiving a Notice pursuant to this Section 9.9 shall not respond with thirty (30) days, the Notifying Party may discard such records without any further obligation hereunder.

9.10 Outages. The Notice, forecast, coordination, scheduling, approval, reporting and related requirements of this Agreement in respect of Planned Outages, Maintenance Outages and Forced Outages are set forth in Schedule 8.2.

ARTICLE X BILLING AND PAYMENT

10.1 Invoices and Payments. On or before the fifteenth (15th) Day of each Month, the AES Subsidiaries shall render to WESCO a monthly statement (by regular mail, facsimile or other acceptable means conforming to the provisions of Article XXII) in respect of the immediately preceding month in the form attached hereto as Schedule 10.1. If the fifteenth (15th) Day is not a Business Day, the AES Subsidiaries shall render the statement on the next succeeding Business Day. Such statement shall set forth on an individual Unit basis the amount of Net Electric Energy delivered by the AES Subsidiaries and the Ancillary Services provided to WESCO in each hour, the quantities of Gas consumed in each hour, the number Start-Ups of each type requested and accomplished, a computation of the amounts due from WESCO to the AES Subsidiaries and a computation of any other amounts as may then be due and payable by WESCO to the AES Subsidiaries, or vice versa, in respect of such Month. WESCO shall make payment of the net amount shown to be due to the AES Subsidiaries on the monthly statement by wire transfer to an account specified by the AES Subsidiaries not later than the twenty-fifth (25th) Day of each Month or the tenth (10th) Day after receipt of the monthly statement, unless such Day is not a Business Day, in which case WESCO shall make payment on the next Business Day. If such monthly statement shall reflect a net amount due to WESCO from the AES Subsidiaries, the AES Subsidiaries shall make payment of the net amount shown to be due to WESCO on the monthly statement by wire transfer to an account specified by WESCO not later than the twenty-fifth (25th) day of such Month, unless the twenty-fifth (25th) day is not a Business Day. If the twenty-fifth (25th) Day is not a Business Day, the AES Subsidiaries shall make payment on the next Business Day. All such payments shall be deemed to be made when said wire transfer is received by the AES Subsidiaries or by WESCO, as the case may be. Overdue payments shall accrue interest from, and including, the due date to, but excluding, the date of payment at the Interest Rate. If either Party, in good faith, disputes a monthly statement, such Party shall provide to the

other Party a written explanation of the basis for the dispute and shall make payment of the portion of such monthly statement not disputed no later than the due date. To the extent any disputed amount is later determined to be properly due and payable, it shall be paid within ten (10) Days of such determination, together with interest accrued at the Interest Rate from the due date to the date payment is made, if made within ten (10) Days of such determination, and if not paid within ten (10) Days of such determination, together with interest accrued after such ten (10) Day period to the date payment is made at the Interest Rate plus 2%.

10.2 Adjustments. (a) In the event adjustments or corrections to monthly statements are required as a result of inaccurate Electric Metering Equipment, Gas Metering Equipment or Oil Metering Equipment or other errors in computation or billing, the Parties shall promptly recompute amounts due from or to each other hereunder during the period of inaccuracy and otherwise correct any errors in such monthly statement. If the total amount, as recomputed, due from a Party for the period of inaccuracy varies from the total amount due as previously computed, and payment of the previously computed amount has been made, the difference shall be paid to the Party entitled to it within ten (10) Days after correction of the erroneous invoice(s).

10.3 Audit. Each Party (and its representative(s)) has the right, at its sole expense, upon reasonable Notice and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the other Party statements evidencing the amounts of Net Electric Energy or the quantities of Gas or fuel oil delivered at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be promptly made and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of two years from the rendition thereof, and provided further that this Section 10.3 will survive any termination of the Agreement for a period of two (2) years from the date of such termination for the purpose of such statement and payment objections.

ARTICLE XI TAXES

11.1 WESCO Taxes. The payments by WESCO to the AES Subsidiaries do not include reimbursement for, and WESCO is liable for and shall pay, cause to be paid, or reimburse the AES Subsidiaries if the AES Subsidiaries have paid, all Taxes imposed on or with respect to Gas or the use or consumption thereof prior to the Delivery Point therefor (other than the portion of any Taxes for which the AES Subsidiaries are liable under Section 11.2 resulting from the inclusion of transportation costs in the base thereof) or on Net Electric Energy or the use and consumption thereof after the Delivery Point therefor. WESCO shall indemnify, defend and hold harmless the AES Subsidiaries from any liability for such Taxes.

11.2 AES Subsidiaries Taxes. The payments by WESCO to the AES Subsidiaries include full reimbursement for, and the AES Subsidiaries shall be liable for and shall pay, or cause

to be paid, or reimburse WESCO if WESCO has paid, all Taxes applicable to the purchase and sale of Dependable Capacity, the performance of Fuel Conversion Services, the provision of Ancillary Services, or otherwise relating to or arising out of this Agreement or the transactions contemplated hereby, including all Taxes imposed on or with respect to the Facilities, the operation or control thereof and all natural gas, fuel oil or electric energy associated therewith, or the sale, use or consumption of any of the foregoing, except as provided in Section 11.1 and Section 11.4. If WESCO is required to remit any Tax for which the AES Subsidiaries are responsible, the amount shall be deducted from any sums due to the AES Subsidiaries. The AES Subsidiaries shall indemnify, defend and hold harmless WESCO from any liability for such Taxes.

11.3 Exemptions. Either Party, upon written request of the other, shall provide a certificate of exemption or other reasonably satisfactory evidence of exemption if either Party is exempt from any Taxes, and shall use all reasonable efforts to obtain or maintain for, or to enable the other Party to obtain or maintain, any exemption from or reduction of any Tax, whether currently available for becoming available in the future. Without limiting the generality of the foregoing, the Parties agree that, if beneficial to the efforts of either Party to obtain or maintain any exemption from or reduction of any Tax, whether currently available or becoming available in the future, the Parties will cooperate to restructure the transactions contemplated by this Agreement so as to enable either Party to obtain or maintain such exemption or reduction, as the case may be; provided, however, that any such restructuring shall not affect adversely the economic consequences to either Party.

11.4 New Taxes. (a) Notwithstanding any other provision of this Agreement to the contrary, if (i) a New Tax is imposed and WESCO or the AES Subsidiaries would be responsible for such New Tax and (ii) such New Tax is (A) imposed on or applicable to the transactions contemplated by this Agreement, including without limitation, the sale of Capacity or the performance of Fuel Conversion Services at or by one or all of the Facilities, and not imposed on and generally applicable to the sale of Capacity or the use of natural gas to generate electricity or to provide fuel conversion services in the State of California, the AES Subsidiaries shall pay or cause to be paid, or reimburse WESCO if WESCO shall have paid, all such New Taxes and the AES Subsidiaries shall indemnify, defend and hold harmless WESCO from any liability for such New Taxes, or (B) imposed on and generally applicable to the sale of Capacity or the use of natural gas to generate electricity or to provide fuel conversion services in the State of California, then WESCO shall pay or cause to be paid, or reimburse the AES Subsidiaries if the AES Subsidiaries shall have paid, all such New Taxes and WESCO shall indemnify, defend and hold harmless the AES Subsidiaries from any liability for such New Taxes.

(b) If a New Tax is imposed and the Parties shall disagree as to whether such New Tax is described in Clause (a)(ii)(A), on the one hand, or clause (a)(ii)(B), on the other, or if such New Tax is not described in either such clause, the characterization of such New Tax under clause (a)(ii)(A) or (a)(ii)(B) or the allocation of responsibility for such New Tax to one of, or between, the Parties shall be determined pursuant to Article XII. The arbitrators, in selecting the proposal most fairly resolving the Parties' disagreement, shall do so by selecting the proposal most fairly resolving the question consistent with the principles of this Section 11.4.

ARTICLE XII DISPUTE RESOLUTION

12.1 Arbitration. (a) In the event any controversy or claim shall arise between one or more of the AES Subsidiaries and WESCO regarding any matter under or relating to this Agreement, which is not required by law to be adjudicated by a governmental agency, the Parties upon Notice given by either of them, shall negotiate for thirty (30) days (seven (7) days in the case of any controversy of \$1 million or less) in good faith to resolve the same.

(b) If the Parties cannot agree, such failure to agree shall be deemed a dispute and the dispute shall be determined by arbitration upon Notice of submission given by either Party to the other, which Notice shall name one arbitrator. Said Notice shall include a precise statement by such Party of the dispute. Within fifteen (15) Days (five (5) days in the case of any controversy of \$1 million or less) after the receipt of such Notice, the other Party shall also submit a precise statement of the dispute and name a second arbitrator. The two arbitrators so named shall agree on a third arbitrator. If the two arbitrators so mentioned are unable within a further fifteen (15) days (five (5) days in the case of any controversy of \$1 million or less) to agree upon a third arbitrator, the arbitrator shall be appointed upon the application of either Party, by the Senior Judge (in service) of the United States District Court for the Central District of California. The arbitrators selected to act hereunder shall be qualified by education and experience to pass on the particular controversy in dispute. The arbitrators shall promptly request from each Party a written proposal with respect to the resolution of the dispute, each of which proposals must be limited to the resolution of the specific controversy in question and consistent with the limitations on damages and other provisions of this Agreement, and shall be submitted in confidence to the arbitrator within fifteen (15) days (five (5) days in the case of any controversy of \$1 million or less). No later than sixty (60) Days (ten (10) Days in the case of any controversy of \$1 million or less) following the submission of proposals, the arbitrator shall select the proposal most fairly resolving the dispute and the proposal selected by at least two (2) arbitrators shall be the decision of the panel. The arbitrators shall not be restricted from taking into account relevant facts or circumstances not made a part of the proposals. The decision of the arbitrators made in writing shall be final and binding upon the Parties hereto and judgment may be entered thereon in any court of competent jurisdiction. It is agreed that (i) all aspects of the arbitration, and any award shall be held confidential by the Parties and the arbitrators; and (ii) the award and judgment of the arbitrator shall have no binding or precedential effect with respect to any other controversy not before the arbitrator, whether or not similar to or related to the specific controversy decided by the arbitrator. The expenses of arbitration, including reasonable compensation to the arbitrator, shall be borne equally by the Parties hereto, except that each Party shall bear the compensation and expenses of its own counsel and employees.

(c) If the Parties shall agree, in the case of any controversy involving \$1 million or less, there shall be only one arbitrator, who shall be designated and agreed upon in writing by the Parties from time to time, and whose decision reached in conformity with the procedures set forth in Section 12.1(b) shall be final and binding. Except for the number of arbitrators, all provisions of Section 12.2(b) shall be applicable to the arbitration of such controversy.

12.2 Survival. This Article XII shall survive the termination or expiration of this Agreement.

ARTICLE XIII REPRESENTATIONS, WARRANTIES AND COVENANTS

13.1 By AES. As of the date hereof and as of the Effective Date, each of the AES Subsidiaries hereby represents, warrants and covenants as follows:

(a) It is a limited liability company duly organized and validly existing under the laws of the State of Delaware.

(b) It has all requisite power and authority to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations under this Agreement.

(c) The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part and do not and will not conflict with or result in a breach of its operating agreement or other organizational documents, charter documents or by-laws or any indenture, mortgage, other agreement or instrument or any statute or rule, regulation, order, judgment or decree of any Governmental Authority to which it is a party or by which it or any of its Affiliates or properties is bound or subject.

(d) This Agreement is the valid and binding obligation of such AES Subsidiary enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights generally or by general principles of equity.

(e) Such AES Subsidiary has obtained, or prior to the Effective Date will obtain, all Approvals as may be required to operate and maintain the Facilities in accordance with and as contemplated by the terms of this Agreement and to perform its obligations hereunder, except to the extent the failure to do so shall have an immaterial effect on this Agreement, the Parties or the performance of their respective obligations hereunder, and during the term hereof, it shall obtain all such additional Approvals as may be required with respect to the operations of the Facilities or for the performance of its obligations hereunder, except to the extent the failure to do so would have an immaterial effect on this Agreement, the Parties or the performance of their respective obligations hereunder, as soon as practicable.

(f) Together with the other AES Subsidiaries, it has good, valid and marketable title to, or in the case of leased property, a valid leasehold interest in, all of the Facilities and any appurtenances thereto, free and clear of Liens, other than Permitted Liens..

(g) For the purposes of this Section 13.1(g), the following words and phrases shall have the following meanings:

"Environment" shall mean soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air, and any environmental medium.

"Environmental Condition" shall mean any condition involving or resulting from the presence of Regulated Materials in the Environment, (whether or not yet discovered), which is reasonably likely to or does result in any damage, loss, cost, expense, claim, demand, order, or liability to or against the AES Subsidiaries or WESCO (including, without limitation, claims by any third party or any government entity, and including, without limitation, any condition resulting from any activity or operation formerly conducted by any person or entity in connection with the Facilities.)

"Environmental Law" shall mean any environmental or health and safety related law, regulation, rule, ordinance, guideline, criterion, mandate, order or by-law at the federal, state, or local level, whether existing as of the date hereof, previously enforced, or subsequently enacted.

"Regulated Material" shall mean any chemical, substance, material, or waste which is now or becomes listed, defined or regulated in any manner by any federal, state or local law based upon, directly or indirectly, such chemicals, substances, materials or wastes being hazardous, harmful or potentially harmful to human health or to the environment, including without limitation, asbestos, PCB's and petroleum or petroleum containing substances.

"Release" shall mean any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping into the Environment.

"Threat of Release" shall mean a substantial likelihood of a Release which requires action to prevent or mitigate damage to the Environment which may result from such Release.

The AES Subsidiaries represent and warrant to WESCO that to the best of their knowledge, after due inquiry and except as indicated on Schedule 13.1(g):

(i) Neither the AES Subsidiaries nor any former owner or operator of the Facilities has liability under or has violated any, and each is presently in compliance in all material respects with, all Environmental Laws applicable to the Facilities, and there exist no Environmental Conditions with respect to the ownership and operation of the Facilities, which could result in liability to WESCO or the AES Subsidiaries.

(ii) Neither the AES Subsidiaries nor any former owner or operator of the Facilities has arranged for the disposal of, generated, manufactured, refined, transported, treated, stored, handled, recycled, disposed, transferred, produced, processed or released any Regulated Material at the Facilities, except in compliance with all applicable Environmental Laws, and the AES Subsidiaries have no knowledge of the Release or Threat of Release of any Regulated Material on, under or from the Facilities, except in compliance with all applicable Environmental Laws.

(iii) No lien, claims or liability has been imposed on the Facilities by any Governmental Agency at the federal, state, or local level in connection with the presence of any Regulated Material on or off the Facilities.

(iv) Neither the AES Subsidiaries nor any former owner or operator of the Facilities has: (a) entered into or been subject to any consent decree, compliance order, or

administrative order with respect to the Facilities; (b) received notice under the citizen suit provision of any Environmental Law in connection with the Facilities or any operations thereon; (c) received any request for information, notice, demand letter, administrative inquiry, or formal or informal complaint or claim with respect to any Environmental Condition relating to the Facilities or operations thereon; or (d) been subject to or threatened with any governmental or citizen enforcement action with respect to the Facilities or any other person or entity for whose conduct it is or may be held responsible, in each instance above, which is reasonably likely to result in liability to WESCO or the AES Subsidiaries, and the AES Subsidiaries have no reason to believe that any of the above will be forthcoming.

(v) No portion of any of the Facilities contains or has ever contained any underground storage tank, surface impoundment or similar device used for the management of wastewater, or other waste management unit dedicated to the disposal, treatment, or long-term (greater than 90 days) storage of waste materials.

(vi) The AES Subsidiaries have provided to WESCO copies of all documents, records, and information in their possession or control, known to the AES Subsidiaries to be available and material to the AES Subsidiaries, concerning Environmental Conditions relevant to the Facilities, whether generated by the AES Subsidiaries or others, including without limitation, environmental audits, environmental risk assessments, or site assessments of the Facilities or any adjacent property or other property in the vicinity of such property, documentation regarding off-site disposal of Regulated Materials, spill control plans, and environmental agency reports and correspondence.

(h) (i) The AES Subsidiaries shall, at their sole cost and expense, take or cause to be taken all actions necessary to ensure that (x) the AES Subsidiaries, and any other person for whose conduct they are or may be held responsible, continue to be in compliance in all material respects with all applicable Environmental Laws, with the terms and conditions of any permits, licenses or approvals required or obtained under Environmental Laws and with any and all agreements with governmental agencies, court orders, and administrative orders under Environmental Laws or relating to Regulated Materials, and (y) the AES Subsidiaries will promptly remove any Release or Threat of Release of Regulated Materials at the Facilities, and remove any Environmental Condition from the Facilities, as necessary to prevent any interference with the performance of the terms of this Agreement and to achieve in all material respects any remediation or cleanup standards that are required with respect to the Regulated Materials or Environmental Condition pursuant to Environmental Laws.

(ii) The AES Subsidiaries shall provide to WESCO copies of all material documents, records, correspondence and information in their possession or control, or known to the AES Subsidiaries to be available and material to the AES Subsidiaries, relating to the compliance of the Facilities with Environmental Laws or to the Release or Threat of Release of Regulated Materials in connection with their ownership or operation of the Facilities. Furthermore, the AES Subsidiaries shall have an ongoing obligation to provide to WESCO copies of any additional such documents which come into the possession or control of or become so available to the AES Subsidiaries subsequent to the date hereof, within twenty [20] days of any such document becoming available to the AES Subsidiaries.

(i) No broker, finder, or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with this Agreement or the transactions contemplated hereby based upon any agreements or arrangements or commitment, written or oral, made by or on behalf of the AES Subsidiaries.

(j) Its performance of this Agreement will be in compliance in all material respects with all applicable federal, state and local laws, regulations, ordinances and orders.

(k) The AES Subsidiaries will cause the Credit Agreement to include a provision to the effect that if the financing parties or their agent shall exercise a remedy the effect of which causes the removal or replacement of any of the AES Subsidiaries as operator of any of the Facilities WESCO shall have the right to designate the replacement operator, subject to the financing parties' reasonable approval.

(l) The AES Subsidiaries' assets consist, and at all times during the Term will consist, solely of the Facilities and assets reasonably related thereto, and each of the AES Subsidiaries will engage only in the activities and transactions contemplated by, or reasonably related to the performance of their obligations under, this Agreement.

(m) The AES Subsidiaries will not refinance the senior indebtedness incurred to finance the original acquisition of the Facilities (the "Existing Indebtedness") or incur additional indebtedness (as defined in the Credit Agreement) ("New Indebtedness"), except to the extent that the Debt Service Coverage Ratio reflected in the pro forma statements of income and cashflow prepared by the refinancing Lenders or the new Lenders, as the case may be, and upon which their lending commitments are based shall not be less than 1.3 prior to the tenth Contract Anniversary Date and not less than 1.4 thereafter (determined on an average annual basis); provided, however, that, notwithstanding the foregoing, a refinancing of Existing Indebtedness or the incurrence of New Indebtedness shall be permitted: (i) to finance capital expenditures with respect to the Facilities required by any law, rule, tariff or regulation or change therein enacted and effective after the Effective Date; and (ii) as reasonably approved by WESCO in connection with any transaction between the AES Subsidiaries and WESCO.

13.2 By WESCO. WESCO hereby represents, warrants and covenants as follows:

(a) WESCO is a corporation duly organized and validly existing under the laws of the State of Delaware;

(b) WESCO has all requisite power and authority to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations under this Agreement;

(c) The execution and delivery of this Agreement and the performance of WESCO's obligations hereunder have been duly authorized by all necessary action on the part of WESCO and do not and will not conflict with or result in a breach of WESCO's charter documents or by-laws or any indenture, mortgage, other agreement or instrument or any statute or rule, regulation,

order, judgment or decree of any Governmental Authority to which WESCO is a party or by which WESCO or any of its Affiliates is bound or subject;

(d) This Agreement is the valid and binding obligation of WESCO, enforceable with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights generally or by general principles of equity; and

(e) No broker, finder, or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with this Agreement or the transactions contemplated hereby based upon any agreements or arrangements or commitment, written or oral, made by or on behalf of WESCO.

(f) WESCO has obtained or prior to the Effective Date will obtain all Approvals as may be required to perform its obligations hereunder, except to the extent the failure to do so shall have an immaterial effect on this Agreement, the Parties or the performance of their respective obligations hereunder and during the Term hereof, it shall obtain all such additional Approvals as may be required for the performance of its obligations hereunder, except to the extent the failure to do so would have an immaterial effect on this Agreement, the Parties or the performance of their respective obligations hereunder, as soon as practicable.

(g) Its performance of this Agreement will be in compliance in all material respects with all applicable federal, state and local laws, regulations, ordinances and orders.

13.3 By the Parties. The Parties agree to use all reasonable efforts to designate the initial arbitrator for purposes of Section 12.1(c) by the date sixty (60) days after the Effective Date.

ARTICLE XIV LIABILITY

14.1 Limitation of Remedies, Liability and Damages. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY; THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT,

UNDER ANY INDEMNITY PROVISION OR OTHERWISE (EXCEPT TO THE EXTENT THAT AN INDEMNIFYING PARTY PURSUANT TO THE PROVISIONS OF ARTICLE XV HEREOF IS OBLIGATED TO INDEMNIFY AGAINST THIRD PARTY CLAIMS NOT ARISING OUT OF CONTRACTS WITH THE INDEMNIFIED PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES OR LOST PROFITS OR BUSINESS INTERRUPTION DAMAGES). IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. THE PROVISIONS OF THIS SECTION 14.1 SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

14.2 No Duty. Nothing in this Agreement shall be construed to create any duty, standard of care or liability to any Person not a Party to this Agreement.

ARTICLE XV INDEMNITY

15.1 In General. (a) Subject to the provisions of Section 15.3 hereof and to the further application of the provisions of Section 15.2 to matters relating to the Environment or Regulated Materials, each Party shall indemnify, hold harmless and defend the other Party, its Affiliates, directors, officers, partners, agents and employees from and against any and all loss, liability, damage, cost or expense, including damage and liability for bodily injury to or death of third Persons or damage to property of third Persons (collectively, "Loss"), to the extent arising out of, in connection with or resulting from the indemnifying Party's breach of any of the representations or warranties made in, or the indemnifying Party's failure to perform any of its obligations under, this Agreement, or the indemnifying Party's design, installation, construction, ownership, operation, repair, relocation, replacement, removal or maintenance of, or the failure of, any of such Party's equipment and/or facilities, including, but not limited to, the Facilities and any natural gas or oil facilities, and/or any appurtenances thereto, and any electric transmission facilities used in connection with this Agreement, and regardless whether arising under applicable law, rule or regulation or otherwise; provided, however, that neither Party shall have any indemnification obligations hereunder or under Section 15.2 in respect of any Loss to the extent caused by such other Party's gross negligence, bad faith or willful misconduct.

(b) Promptly after receipt by either Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Section 15.1(a) or Section 15.2 may apply, such Party shall notify the indemnifying Party of such fact. The indemnifying Party shall have the right to assume the

defense thereof with counsel designated by such indemnifying Party and reasonably satisfactory to the indemnified Party; provided, however, that if the defendants in any such action include both the indemnified Party and the indemnifying Party and the indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified Parties which are different from or additional to those available to the indemnifying Party, the indemnified Party or Parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified Party or parties; provided, further if the claim is one that cannot by its nature be defended solely by the indemnifying Party, the indemnified Party shall make available all information and assistance as the indemnifying Party may reasonably request at the expense of the indemnifying Party. The indemnified Party shall be entitled, at its expense, to participate in any action, suit or proceeding, the defense of which has been assumed by the indemnifying Party. Notwithstanding the foregoing, the indemnifying Party shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the indemnified Party or a conflict of interest between the indemnified Party and the indemnifying Party, and in such event the indemnifying Party shall pay the reasonable expenses of the indemnified Party in such defense.

(c) Should any indemnified Party be entitled to indemnification under this Article XV as a result of a claim by a third party, and should the indemnifying Party fail to assume the defense of such claim, such indemnified Party may at the expense of the indemnifying Party contest (or, with the prior consent of the indemnifying Party, settle) such claim; provided, however, that no such contest need be made, and settlement or full payment of any such claim may be made without the consent of the indemnifying Party (with the indemnifying Party remaining obligated to indemnify such indemnified Party under this Article XV), if an Event of Default as to the indemnifying Party exists or if, in the opinion of such indemnified Party's counsel, such claim is meritorious or the defendant has no valid defense to such claim.

(d) In the event that an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this Article XV, the amount owing to the indemnified Party shall be the amount of such indemnified Party's actual Loss, net of any insurance or other recovery.

15.2 Environmental Indemnity. Subject to the terms and provisions of this indemnity and the provisions of Sections 15.1(b), (c) and (d) the AES Subsidiaries shall protect, defend, indemnify and save harmless WESCO, its officers, directors, shareholders, agents, employees, successors, assigns and attorneys (collectively, the "Indemnified Parties") from, against and in respect of, any and all losses, costs, damages, liabilities, obligations, claims, causes of action, fines, penalties or expenses (including reasonable attorney's fees, expenses and litigation costs and sums paid in settlements of claims and any such fees and expenses incurred in enforcing this indemnity or collecting any sums due hereunder) and reasonable expenses for accounting, consulting, engineering, investigation, cleanup, response, removal and/or disposal and other remedial costs, directly or indirectly imposed upon, incurred by or asserted against any Indemnified Party arising out of or in connection with any claim or claims by any other party or parties (including, without limitation, a governmental entity), arising out of or in connection with

(i) the use, generation, refining, manufacture, transportation, transfer, production, processing, storage, handling, or treatment of any Regulated Materials, on, under or from the Facilities; (ii) a Release, or threatened Release of any Regulated Materials on, under or from the Facilities; (iii) the cleanup, removal and/or disposal of any Regulated Materials on, under or from the Facilities required by any Environmental Law or any Governmental Authority; (iv) any personal exposure or injury (including wrongful death) or property damage (real or personal) arising out of or related to such Regulated Materials, including any damage arising out of any cleanup required by the Governmental Authorities or Environmental Laws; (v) any lawsuit brought or threatened, settlement reached, or government order relating to such Regulated Materials; or (vi) any violation of laws, orders, rules, regulations, requirements, guidelines, or demands of Governmental Authorities, including permits and licenses under Environmental Laws, which are based upon or in any way related to such Regulated Materials including, without limitation, the costs and expenses of any remedial action, reasonable attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses; or (vii) a misrepresentation or inaccuracy in any representation or warranty made by the AES Subsidiaries in Section 13.1(g) of this Agreement or a breach of or failure to perform any covenant made by the AES Subsidiaries in Section 13.1(h) of this Agreement.

15.3 Scope. The indemnities in Section 15.1 and Section 15.2 shall apply to all claims against each Party including, but not limited to, all claims made or threatened by, or in the name of or on behalf of each Party's employees for personal injuries (including death) which arise in the course of their employment. Each of the AES Subsidiaries hereby waives any defense it may otherwise have under applicable workers' compensation laws.

15.4 Survival. The Parties expressly acknowledge and agree that this Article XV shall survive the termination or expiration of this Agreement.

ARTICLE XVI INSURANCE

16.1 Obligation to Insure. The AES Subsidiaries shall at their own cost and expense effect, maintain and keep in force or cause to be effected, maintained and kept in force during the term of this Agreement with companies rated 'A' or better by A.M. Best & Co. (or if not rated by A.M. Best & Co., reasonably acceptable to WESCO) the minimum insurance coverage for the Facilities set forth in Schedule 16 hereto.

16.2 Additional Insured, Etc. All insurance policies identified in this Article XVI and in Schedule 16 hereto (other than Workers Compensation Insurance) shall name WESCO as an additional insured. The AES Subsidiaries' casualty insurance (other than its Worker's Compensation insurance) shall include provisions or endorsements (a) stating that such insurance is primary insurance with respect to the interest of WESCO and that any insurance maintained by WESCO is excess and not contributory insurance with the insurance required hereunder, and (b) providing that such policies shall not be canceled or their limits of liability reduced, other than by the occurrence of a claim, except upon sixty (60) days (ten (10) days for nonpayment of premium) Notice to WESCO.

16.3 Certificates. On or prior to the Effective Date, the AES Subsidiaries shall provide and shall continue to provide to WESCO during the term of this Agreement (including any extension), by delivering to its corporate office at One Williams Center, Tulsa, Oklahoma 74172, properly executed and current certificates of insurance relative to said insurance policies. Said certificates shall provide the following information:

- (a) Name of insurance company, policy number and expiration date, and the name, address and telephone number of the agent/broker issuing said certificate of insurance;
- (b) The coverage required and the limits on each, including the amount of deductibles or self-insured retentions, which shall be for the account of the AES Subsidiaries;
- (c) A statement indicating that WESCO shall receive at least sixty (60) days (ten (10) days for nonpayment of premium) Notice of cancellation or reduction of liability limits, other than by the occurrence of a claim, with respect to said insurance policies; and
- (d) For all insurance policies identified in Schedule 16 hereto, except workers' compensation insurance, a statement indicating that WESCO has been named as an additional insured.

16.4 Inspection. WESCO shall have the right to inspect the original policies of insurance applicable to this Agreement at the AES Subsidiaries' place of business during regular business hours by providing the AES Subsidiaries with fifteen (15) days Notice of its inspection.

ARTICLE XVII UNCONTROLLABLE FORCE

17.1 Performance Excused. No Party shall be considered to be in default in performance of any of its obligations under this Agreement, except to make payment as specified herein, to the extent such failure in performance shall be due to an Uncontrollable Force. No Party shall, however, be relieved of liability for failure of performance to the extent such failure shall be due to causes arising out of its own negligence or due to removable or remediable causes which it fails to remove or remedy within a reasonable time period. Any Party rendered unable to fulfill any of its obligations under the Agreement by reason of an Uncontrollable Force shall give prompt Notice of such fact to the other Parties and shall exercise due diligence to remove such inability within a reasonable time period.

17.2 Exclusions. (a) Notwithstanding anything to the contrary contained in this Agreement, except as may expressly be provided herein, the term Uncontrollable Force shall not include or excuse the loss by WESCO of FERC-approved marketer status, unless such loss is itself caused by an Uncontrollable Force.

(b) Notwithstanding anything to the contrary in this Agreement, failure by the AES Subsidiaries to achieve the Guaranteed Availability of any Unit or to deliver the Dependable Capacity, Net Electric Energy or Ancillary Services, as the case may be, from a Dispatched

Available Unit shall not be excused due to an Uncontrollable Force.

17.3 Labor Disputes. Notwithstanding anything contained in this Article XVII to the contrary, neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest, it being understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party having such dispute.

17.4 Termination. Notwithstanding anything contained in this Article XVII to the contrary, either Party shall have the right to terminate this Agreement, in whole or in part, without any liability or responsibility whatsoever, except to the extent accruing (and not excused) prior to such termination, in the event and to the extent an Uncontrollable Force has been declared by the other Party to excuse such other Party's nonperformance of its obligations hereunder or in an event of default in respect of such other Party, and the effect of said Uncontrollable Force has not been fully corrected or alleviated within twelve months after the date said Uncontrollable Force was declared.

ARTICLE XVIII EVENTS OF DEFAULT; REMEDIES

18.1 Events of Default. The following shall constitute events of default in respect of a Party (the "Defaulting Party") under this Agreement:

(a) failure by the Defaulting Party to make, when due, any payment required pursuant to this Agreement, provided the payment is not subject of a good faith dispute as described in Section 10.1,

(b) any representation or warranty herein made by the Defaulting Party shall at any time be false or misleading,

(c) failure by the Defaulting Party to perform any other obligation to the other Party (the "Non-Defaulting Party") set forth in this Agreement (other than the failure of a Unit to Dispatch in accordance with Article VIII or the failure to achieve Guaranteed Availability pursuant to Section 4.2, if the Non-Defaulting Party is able to recover fully all amounts due it pursuant to Section 4.3 or Section 8.6 as a result of either such failure through the exercise of its right of set off provided for in Section 18.2(d), in which case, notwithstanding any provision of Article XVII or this Article XVIII, such right of set-off shall be the Non-Defaulting Party's exclusive remedy),

(d) the Guarantor of the Defaulting Party shall fail to perform any covenant set forth in the guaranty agreement it delivered in respect of this Agreement, any representation or warranty made by such Guarantor in said guaranty agreement shall be false or misleading when made or when deemed to be repeated, the guaranty agreement shall expire or be terminated or shall in any way cease to guaranty the obligations of the Defaulting Party under this Agreement, or such Guarantor shall take or suffer any actions set forth in clauses (e) or (f) below as applied to it,

(e) a receiver or liquidator or trustee of either Party or of any of its property shall be appointed by a court of competent jurisdiction, and such receiver, liquidator or trustee shall not have been discharged within sixty (60) days or by decree of such a court a Party shall be adjudicated bankrupt or insolvent or any substantial part of its property shall have been sequestered, and such decree shall have continued undischarged and unstayed for a period of sixty (60) days after the entry thereof, or a petition to declare bankruptcy or to reorganize a Party pursuant to any of the provisions of the Federal Bankruptcy Code, as now in effect or as it may hereafter be amended, or pursuant to any other similar state statute as now or hereafter in effect, shall be filed against a Party and shall not be dismissed within sixty (60) days after such filing,

(f) a Party shall file a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; or, without limiting the generality of the foregoing, a Party shall file a petition or answer or consent seeking relief or assisting in seeking relief in a bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; or, without limiting the generality of the foregoing, a Party shall file a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal Bankruptcy Code, as now in effect or as it may hereafter be amended, or pursuant to any other similar state statute as now or hereafter in effect, or an answer admitting the material allegations of a petition filed against it in such a proceeding; or a Party shall make an assignment for the benefit of its creditors; or a Party shall submit in writing its inability to pay its debts generally as they become due; or a Party shall consent to the appointment of a receiver, trustee, or liquidator of it or of all or any part of its property,

(g) there shall be outstanding for more than sixty (60) days any unsatisfied final, non-appelleable judgment against the Defaulting Party in an amount exceeding \$500,000, unless the existence of such unsatisfied judgment shall not affect in any material respect the Defaulting Party's ability to perform its obligations hereunder or present any material risk that the Defaulting Party might suffer an interruption in its ownership or possession and the right to use those of its assets necessary to perform its obligations hereunder,

(h) The AES Corporation shall cease to own, directly or indirectly, beneficially and of record, more than 50% of the equity interests in any of the AES Subsidiaries, or shall cease to possess the power to elect a majority of the directors of, or Persons performing similar functions for, any of the AES Subsidiaries, or shall cease to possess the power to direct or cause the direction of the management or policies of any of the AES Subsidiaries, or any Person engaged in any business engaged in by WESCO or any of its Affiliates shall own, directly or indirectly, beneficially or of record, any of the equity interests in any of the AES Subsidiaries,

(i) there shall have occurred and be continuing any event of default under, and as defined in, the other material Project Documents, to the extent, but only to the extent, a default thereunder constitutes an event of default under the Credit Agreement.

18.2 Remedies. (a) Upon the occurrence of any Event of Default described in Section 18.1 (other than an Event of Default under Section 18.1(d) as it relates to the taking or suffering

by a Guarantor any of the actions set forth in Section 18.1(e) or Section 18.1(f), Section 18.1(e), Section 18.1(f), Section 18.1(h) or resulting from the breach of Section 13.1(l), for which no notice shall be required or opportunity to cure permitted) the Non-Defaulting Party, to the extent such Party has actual knowledge of the occurrence of such Event of Default, shall give prompt Notice thereof to the Defaulting Party. Such Notice shall set forth, in reasonable detail, the nature of the default and, where known and applicable, the steps necessary to cure such default. The Defaulting Party shall have the lesser of (i) 60 days or (ii) the number of days in the generally applicable cure period provision in the Credit Agreement (fifteen (15) days in the case of an Event of Default described in Section 18.1(a) and three (3) Business Days in the case of a breach of the provisions of Article II or Article XVI) following receipt of such Notice to cure such default.

(b) If the Defaulting Party fails to cure such default or take such steps as provided under subparagraph (a) above, and immediately upon the occurrence of any Event of Default described in Section 18.1(d) as it relates to the taking or suffering by a Guarantor any of the actions set forth in Section 18.1(e) or Section 18.1(f), Section 18.1(e), Section 18.1(f), Section 18.1(h) or resulting from the breach of Section 13.1(l), this Agreement may be terminated by the Non-Defaulting Party, without any liability or responsibility whatsoever, by written Notice to the Defaulting Party. This Agreement shall thereupon terminate and the Non-Defaulting Party may exercise all such rights and remedies as may be available to it to recover damages caused by such default.

(c) In addition to the foregoing, upon the occurrence of any Event of Default and the expiration of any applicable cure period, the Non-Defaulting Party shall be entitled to (i) commence an action to require the Defaulting Party to remedy such default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof and (ii) exercise such other rights and remedies as it may have in equity or at law.

(d) Notwithstanding the foregoing and in addition to all of rights and remedies in equity or at law, either Party shall be entitled to set off against any amounts due and payable by either Party to the other Party, any and all amounts due and payable to such party from the other Party Subsidiaries.

18.3 Buyout Right. Notwithstanding the foregoing, if a Unit's performance shall be affected due to an Uncontrollable Force, and Such Unit shall be completely incapable of operating for a period of three (3) consecutive months and the AES Subsidiaries shall have reasonably determined that such Unit or Units cannot be economically repaired, then the AES Subsidiaries shall have the right at any time during a twelve month period thereafter upon reasonable Notice to WESCO, to pay WESCO the Buyout Price in respect of such Unit or Units. Upon payment of the Buyout Price by the AES Subsidiaries to WESCO, the affected Unit or Units shall be automatically and without further action of the Parties excluded from the terms of this Agreement, and neither WESCO nor the AES Subsidiaries shall have any further liability or obligation to the other in respect of such Unit or Units, except for obligations or liabilities accrued prior to the date of such payment. The term "Buyout Price" means, when such payment is made prior to the tenth (10th) Contract Anniversary Date, 15% of the net present value (determined on the basis of a 12% discount factor and semi-annual compounding) of the Fixed Payments that would have been payable in respect of such Unit or Units after the date such payment is made, and when such

payment is made on or after the tenth (10th) Contract Anniversary Date, 25% of the net present value (determined on the basis of a 12% discount factor and semi-annual compounding) of the Fixed Payments that would have been payable in respect of such Unit or Units after the date such payment is made.

18.4 Special Termination Right. If (i) WESCO shall not by May 15, 1998 have determined the Credit Agreement (as then drafted) to be reasonably acceptable to it, or (ii) WESCO shall not, acting reasonably, by such date have agreed to a form of consent to the assignment of this Agreement to the initial Lenders pursuant to Section 20.1, then the AES Subsidiaries may by Notice to WESCO within ten (10) days immediately terminate this Agreement, whereupon the Parties shall have no further liability or obligation to each other hereunder, except for obligations or duties that occurred prior to such termination.

ARTICLE XIX GUARANTIES

19.1 Williams Holdings Guaranty. On or prior to the Effective Date, WESCO shall deliver to the AES Subsidiaries the Williams Holdings Guaranty.

19.2 AES Guaranty. On or prior to the Effective Date, the AES Subsidiaries shall deliver to WESCO the AES Guaranty.

ARTICLE XX ASSIGNMENT

20.1 Assignment. (a) Neither this Agreement nor any rights, duties, interests or obligations hereunder may be assigned, transferred, pledged or otherwise encumbered or disposed of, by operation of law or otherwise, by the AES Subsidiaries or by WESCO without the prior written consent of the other Party, except that (i) WESCO at any time and from time to time, may assign this Agreement and any of its rights, interests, duties or obligations hereunder to (A) any Affiliate of WESCO, so long as (x) such Affiliate's creditworthiness is comparable to that of WESCO on the Effective Date, (y) such Affiliate possess comparable ability to perform the obligations of WESCO under this Agreement and (z) the Williams Holdings Guaranty shall be simultaneously amended and extended to guarantee the affiliated assignee's obligations hereunder to the same extent as WESCO's obligations hereunder are guaranteed by the Williams Holdings Guaranty, or (B) any Person reasonably acceptable to the AES Subsidiaries, provided that such Person's (and, if applicable, such Person's guarantor's) long term unsecured debt at the time of such assignment has a credit quality and a credit rating, respectively, not lower than that of WESCO and Williams Holdings, respectively, on the Effective Date and (ii) the AES Subsidiaries, at any time, and from time to time, after reasonable advance Notice to WESCO and without the consent of WESCO, may assign this Agreement and any of their rights, interests, duties or obligations hereunder as collateral security to any Lender (A) so long as the assignee shall agree, pursuant to a written consent to assignment in form and substance satisfactory to WESCO, or (B) in connection with any refinancing or additional indebtedness permitted pursuant to the provisions

of Section 13.1(m) so long as the assignee shall agree, pursuant to an assignment in the same form executed and delivered by the Lenders party to the Credit Agreement (unless as a result, in light of the events of default and remedies and additional Lender cure rights provided for in the documentation governing such refinancing or additional indebtedness, WESCO's ability to exercise its rights or remedies under the Tolling Agreement shall be adversely affected, compared to its position prior to such refinancing or incurrence of additional indebtedness), that it or its designees to be bound by all of the terms and conditions hereof to the same extent as the AES Subsidiaries in the event the Lender exercises its rights under such assignment.

(b) Upon any assignment by WESCO in accordance with the provisions of Section 20.1(a)(i), WESCO shall be relieved of and released from its obligations under this Agreement. No assignment or disposition of this Agreement or rights hereunder shall (i) relieve or in any way discharge any of the AES Subsidiaries from the performance of their respective duties and obligations under this Agreement or (ii) alter, amend, diminish or otherwise impair WESCO's or the AES Subsidiaries' rights under this Agreement.

20.2 Facilities. Each of the AES Subsidiaries hereby agrees that it shall not sell, transfer, assign, lease or otherwise dispose of the Facilities or any portion thereof or interest therein necessary to perform the AES Subsidiaries' obligations hereunder without the prior written consent of WESCO, such consent shall not be unreasonably withheld..

20.3 Non-complying Transfers Void. Except as specifically provided for in this Article XX, any assignment or transfer of this Agreement or any rights, duties or interests hereunder or any disposition of the Facilities or any portion thereof or interest therein by any Party without the written consent of the other Party shall be void and of no force or effect.

ARTICLE XXI NOTICES

All notices (other than Dispatch Notices), demands or requests required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by certified United States mail (postage prepaid, return receipt requested), overnight express mail, courier service or facsimile transmission (with the original transmitted by any of the other aforementioned delivery methods) addressed as follows:

If to the AES Subsidiaries to:

The AES Corporation
1001 North 19th Street
Arlington, VA 22209

Attention: General Counsel
Telephone: 703-522-1315
Fax: 703-528-4810

and

If to WESCO to:

Williams Energy Services Company
One Williams Center, Suite 1800
Tulsa, OK 74172

Attention: Contract Management
Fax: 918-594-1935

with a copy to:

Williams Holdings of Delaware, Inc.
One Williams Center, Suite 4000
Tulsa, OK 74172

Attention: General Counsel
(Fax) 800-479-6690

and

Jones, Day, Reavis & Pogue
599 Lexington Avenue
New York, New York 10022

Attention: William F. Henze II
(Fax) 212-755-7306

or to such other Person at such other address as a Party shall designate by like notice to the other Party.

Unless otherwise provided herein, all notices hereunder shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the first Business Day after the day on which received.

ARTICLE XXII CONDITIONS

22.1 WESCO's Conditions. The obligations of WESCO to consummate the transactions contemplated by this Agreement shall be subject to fulfillment at or prior to the Effective Date of the following conditions, unless waived in writing by WESCO.

(a) The AES Subsidiaries shall have performed in all material respects their agreements and obligations contained in this Agreement required to be performed on or prior to the Effective Date.

(b) The representations and warranties of the AES Subsidiaries set forth in Article XIII of this Agreement shall be true and correct as of the date of this Agreement and as of the Effective Date as if made as of such time.

(c) WESCO shall have received from the AES Subsidiaries an officers' certificate executed on behalf of each of the AES Subsidiaries dated the date of the Effective Date stating that all conditions set forth in Section 22.2 have been satisfied or waived.

(d) There shall be no:

(i) injunction, restraining order or order of any nature issued by any court of competent jurisdiction or Governmental Authority which directs that the transactions contemplated hereby shall not be consummated as herein provided or compels or would compel the AES Subsidiaries to dispose of or discontinue, or materially restrict the operations of, a Unit or any significant portion of the Facilities as a result of the consummation of the transactions contemplated hereby;

(ii) suit, action or other proceeding by or before any Governmental Authority pending or threatened (pursuant to a written notification), wherein a complainant seeks the restraint or prohibition of the consummation of the transactions contemplated by this Agreement or seeks to compel, or such complainant's actions would compel, the AES Subsidiaries to dispose of or discontinue, or materially restrict the operations of, a Unit or any significant portion of the Facilities as a result of the consummation of the transactions contemplated hereby; or

(iii) action taken, or law enacted, promulgated or deemed applicable to the transactions related to a Unit by any Governmental Authority which would render the transactions contemplated by this Agreement illegal or which would threaten the imposition of any penalty or material economic detriment upon WESCO if such transactions were consummated.

(e) The sale of each of the Facilities (the "Sale") from Edison to The AES Corporation (or its Affiliates) pursuant to the Asset Sale Agreements shall have been consummated and none of the Conditions to closing contained therein shall have been waived.

(f) Each of the AES Subsidiaries shall have received all Approvals necessary to be obtained as of the Effective Date.

(g) If any Unit is the subject of a MRA, then the following shall have occurred:

(i) FERC shall have made effective the MRA associated with such Unit; and

(ii) With the approval of the ISO, the AES Subsidiaries and WESCO shall have entered into the arrangements satisfactory to WESCO relating to the assignment to WESCO of the MRAs.

(h) The California Power Exchange shall have begun accepting load and resource bids, developed a balanced schedule that is accepted by the ISO and posted market clearing prices for the purchase of electrical energy.

(i) WESCO shall have received copies of municipal exemption letters obtained by the AES Subsidiaries from each of the municipalities in which the Facilities are located.

(j) the AES Subsidiaries and WESCO shall have entered into arrangements satisfactory to WESCO relating to the assignment to WESCO of the Mobil Contract.

(k) WESCO shall have received a reliance letter from Woodward Clyde in form and substance satisfactory to WESCO.

(l) The Credit Agreement shall be reasonably acceptable to WESCO.

(m) In the event that any of the foregoing conditions to the obligations of WESCO shall fail to be satisfied, WESCO may elect, in its sole discretion, to consummate the transactions contemplated by this Agreement despite such failure, in which event WESCO shall be deemed to have waived any claim for damages, losses or other relief arising from or in connection with such failure, unless otherwise agreed in a writing executed by the Parties.

22.2 The AES Subsidiaries' Conditions. The obligations of the AES Subsidiaries to consummate the transactions contemplated by this Agreement shall be subject to fulfillment at or prior to the Effective Date of the following conditions, unless waived in writing by the AES Subsidiaries:

(a) WESCO shall have performed in all material respects its agreements and obligations contained in this Agreement required to be performed on or prior to the Effective Date.

(b) The representations and warranties of WESCO set forth in Article XII of this Agreement shall be true and correct as of the date of this Agreement and as of the Effective Date as if made as of such time and.

(c) The AES Subsidiaries shall have received from WESCO an officers' certificate executed on behalf WESCO dated the date of the Effective Date stating that all conditions set forth in Section 22.1 have been satisfied or waived.

(d) There shall be no:

(i) injunction, restraining order or order of any nature issued by any court of competent jurisdiction or Governmental Authority which directs that the transactions contemplated hereby shall not be consummated as herein provided or compels or would compel the AES Subsidiaries to dispose of or discontinue, or materially restrict the operations of, a Unit or any significant portion of the Facilities as a result of the consummation of the transactions contemplated hereby;

(ii) suit, action or other proceeding by or before any Governmental Authority pending or threatened (pursuant to a written notification), wherein a complainant seeks the restraint or prohibition of the consummation of the transactions contemplated by this Agreement or seeks to compel, or such complainant's actions would compel, the AES Subsidiaries to dispose of or discontinue, or materially restrict the operations of, a Unit or any significant portion of the Facilities as a result of the consummation of the transactions contemplated hereby; or

(iii) action taken, or law enacted, promulgated or deemed applicable to the transactions related to a Unit by any governmental body which would render the transactions contemplated by this Agreement illegal or which would threaten the imposition of any penalty or material economic detriment upon the AES Subsidiaries if such transactions were consummated;

(e) The Sale shall have been consummated.

(f) WESCO shall have received all Approvals necessary to be obtained as of the Effective Date.

(g) In the event that any of the foregoing conditions to the obligations of the AES Subsidiaries shall fail to be satisfied, the AES Subsidiaries may elect, in their sole discretion, to consummate the transactions contemplated by this Agreement despite such failure, in which event the AES Subsidiaries shall be deemed to have waived any claim for damages, losses or other relief arising from or in connection with such failure, unless otherwise agreed in a writing executed by the Parties.

ARTICLE XXIII MISCELLANEOUS PROVISIONS

23.1 Survival. The provisions of Articles XI, XII and XV and Sections 8.8, 23.5, 23.10 and 23.16, including the rights and obligations of the Parties therein provided, shall survive the termination or expiration of this Agreement and the performance by the Parties of their obligations hereunder.

23.2 Expenses. (a) Whether or not the transactions contemplated by this Agreement are consummated, each Party shall pay all of its own costs and expenses incurred in connection with the negotiation and execution of this Agreement.

(b) Each Party shall reimburse the other for the reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with such other Party's agreement to review, execute and deliver any instruments, agreements or documents that may be necessary or appropriate in connection with any assignment requested by a Party or otherwise permitted hereunder.

23.3 No Third-Party Beneficiaries. This Agreement is not intended to, and does not, confer upon any Person other than the Parties hereto and their respective successors and permitted assigns, any rights or remedies hereunder.

23.4 Announcements. Except as otherwise required by law or the rules of the New York Stock Exchange, for so long as this Agreement is in effect, neither the AES Subsidiaries nor WESCO shall, nor shall they permit any of their Affiliates to, issue or cause the publication of any press release or other public announcement with respect to the transactions contemplated by this Agreement without the consent of the other Party, which consent shall not be unreasonably withheld or delayed.

23.5 Confidentiality. The Parties agree that all information relating to this Agreement and the transactions contemplated hereby shall be kept confidential. Such obligation of confidentiality shall extend to all such information, whether exchanged orally or in written or electronic form, and whether or not designated at the time exchanged as confidential. Each Party shall be permitted to disclose confidential information to its officers, directors, employees, agents and Affiliates who need to know such information for the purpose of implementing this Agreement or the transactions contemplated hereby, and agrees to notify such Persons of the confidential nature of such information and to be responsible for any unauthorized disclosure of such information by such Persons. The AES Subsidiaries shall be permitted to disclose confidential information to those of its Lenders and prospective Lenders executing a confidentiality agreement in form and substance reasonably satisfactory to WESCO. Information shall not be deemed to be confidential if it (i) was in the public domain prior to the date hereof, (ii) becomes publicly available after the date hereof other than as a result of the unauthorized disclosure thereof by a Party or by an officer, director, employee, agent or Affiliate of a Party, or (iii) is required to be disclosed pursuant to applicable laws or regulations or pursuant to administrative or judicial process.

23.6 Scheduling Coordinator. WESCO shall perform the function of Scheduling Coordinator (as defined in the MRAs). Irrespective of any contrary provision hereof, without the consent of the AES Subsidiaries WESCO may subcontract its duties pursuant to this Section 23.6 to any assignee permitted under the MRAs provided that it first offer to subcontract such position to the AES Subsidiaries.

23.7 Acquisition of Facilities. WESCO shall make commercially reasonable efforts to assist the AES Subsidiaries in (a) achieving the closing of the financing arrangements relating to the acquisition of the Facilities by the AES Subsidiaries and (b) if necessary, the refinancing of the Facilities; provided, however, that the AES Subsidiaries shall pay all out-of-pocket costs and expenses (including, without limitation, attorneys' fees) incurred by WESCO in the course of any such refinancing.

23.8 Captions. All indices, titles, subject headings, section titles and similar items in this Agreement are provided for the purpose of reference and convenience only and are not intended to be inclusive or definitive or to affect the meaning of the contents or scope of this Agreement.

23.9 Waiver. Any waiver at any time by either Party of its rights, duties, and/or obligations with respect to any default under this Agreement, or with respect to any other matter arising out of or in connection with this Agreement, shall not be deemed a continuing waiver nor a waiver with respect to any subsequent default or other matter.

23.10 Choice of Laws. This Agreement shall be governed, by and construed and interpreted in accordance with the laws of the State of New York, irrespective of the application of any conflict of laws provisions.

23.11 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon WESCO and the AES Subsidiaries and their respective successors and permitted assigns.

23.12 Counterparts. This Agreement may be executed in separate counterparts by the Parties hereto, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument.

23.13 Entire Agreement. This Agreement, including all Schedules hereto, constitutes the entire agreement between the Parties hereto with respect to the matters contained herein and therein, and all prior agreements with respect to the matters covered herein are superseded, and each Party confirms that it is not relying upon any representations or warranties of the other Party, except as specifically set forth herein or incorporated by reference hereto.

23.14 Severability. Should any provision of this Agreement be held to be invalid or unenforceable, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any other provision hereof.

23.15 Amendment. This Agreement may not be amended or modified except by a written instrument signed by each of the Parties hereto.

23.16 Submission to Jurisdiction; Waivers. Each of the Parties hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

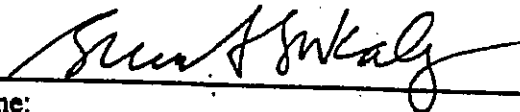
(b) consents and agrees that any such action or proceeding may be brought in and only in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the other Party at its address set forth in Article XXI, or at such other address of which the other Party shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

WILLIAMS ENERGY SERVICES COMPANY

By: 

Name:

Title:

Bruce A. Sukaly
Vice President



AES REDONDO BEACH, L.L.C.

By: _____

Name:

Title:

AES ALAMITOS, L.L.C.

By: _____

Name:

Title:

AES HUNTINGTON BEACH, L.L.C.

By: _____

Name:

Title:

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

WILLIAMS ENERGY SERVICES COMPANY

By: _____

Name:

Title:

Bruce A. Sukaly
Vice President



AES REDONDO BEACH, L.L.C.

By: _____

Name:

Title:

AES ALAMITOS, L.L.C.

By: _____

Name:

Title:

AES HUNTINGTON BEACH, L.L.C.

By: _____

Name:

Title:

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

WILLIAMS ENERGY SERVICES COMPANY

By: _____
Name: _____
Title: _____

AES REDONDO BEACH, L.L.C.

By: John Ruggieri
Name: JOHN RUGGIERI
Title: CHIEF EXECUTIVE MANAGER

AES ALAMITOS, L.L.C.

By: John Ruggieri
Name: JOHN RUGGIERI
Title: CHIEF EXECUTIVE MANAGER

AES HUNTINGTON BEACH, L.L.C.

By: John Ruggieri
Name: JOHN RUGGIERI
Title: CHIEF EXECUTIVE MANAGER

Schedule A

Description of Facilities – Huntington Beach

Facility: Huntington Beach Generating Station
 21730 Newland Street
 Huntington Beach, CA 92646

Unit	Description	Rating MW	Minimum Response Rates		AGC Capable
			<u>Load range</u> MW	<u>Ramp Rate</u> MWs/Minute	
HB 1	Conventional steam unit	215 MW	20 to 65	4.3*	NO
			65 to 204	4.3	YES
			204 to 215	1.1	YES
HB 2	Conventional steam unit	215 MW	20 to 65	4.3*	NO
			65 to 204	4.3	YES
			204 to 215	1.1	YES
HB 5	Gas Combustion Turbine	133 MW	NA	13	NO

Notes:

- * All gas burners are not in service in this load range and some deviation from this rate may occur while burners are placed in service.

Schedule A

Description of Facilities – Redondo Beach

Facility: Redondo Generating Station
1100 Harbor Blvd.
Redondo Beach, CA 90277

Unit	Description	Rating MW	Minimum Response Rates		AGC Capable
			<u>Load range</u> MW	<u>Ramp Rate</u> MWs/Minute	
RB 5	Conventional steam unit	175 MW	10 to 45	3.5*	NO
			45 to 165	3.5	YES
			165 to 175	0.9	YES
RB 6	Conventional steam unit	175 MW	10 to 45	3.5*	NO
			45 to 165	3.5	YES
			165 to 175	0.9	YES
RB 7	Super Critical steam unit	480 MW	130 to 180	2.4*	NO
			180 to 240	2.4**	YES
			240 to 470	4.8	YES
			470 to 480	2.4	YES
RB 8	Super Critical steam unit	480 MW	130 to 180	2.4*	NO
			180 to 240	2.4**	YES
			240 to 470	4.8	YES
			470 to 480	2.4	YES

Notes:

- * All gas burners are not in service in this load range and some deviation from this rate may occur while burners are placed in service.
- ** In this load range, a second boiler feed pump must be placed into or removed from service depending on whether load is being increased or decreased. On increasing load, the second boiler feed pump must be warmed and placed into service at approximately 200 MWs. This process requires approximately 60 minutes advanced notice. On decreasing load, at approximately 220 MWs, the second boiler feed pump is removed from service, a process that requires approximately 15 minutes to achieve.

Schedule A

Description of Facilities – Alamitos

Facility: Alamitos Generating Station
690 North Studebaker Road
Long Beach, CA 90803

Unit	Description	Rating MW	Minimum Response Rates		AGC Capable
			<u>Load range</u> MW	<u>Ramp Rate</u> MWs/Minute	
AL 1	Conventional steam unit	175 MW	10 to 40	3.5*	NO
			40 to 165	3.5	YES
			165 to 175	0.9	YES
AL 2	Conventional steam unit	175 MW	10 to 40	3.5*	NO
			40 to 165	3.5	YES
			165 to 175	0.9	YES
AL 3	Conventional steam unit	320 MW	20 to 70	1.6*	NO
			70 to 190	1.6	YES
			190 to 310	6.4	YES
			310 to 320	2.6	YES
AL 4	Conventional steam unit	320 MW	20 to 70	1.6*	NO
			70 to 190	1.6	YES
			190 to 310	6.4	YES
			310 to 320	2.6	YES
AL 5	Super Critical steam unit	480 MW	70 to 150	2.4**	NO
			150 to 240	2.4***	YES
			240 to 470	4.8	YES
			470 to 480	2.4	YES
AL 6	Super Critical steam unit	480 MW	70 to 150	2.4**	NO
			150 to 240	2.4***	YES
			240 to 470	4.8	YES
			470 to 480	2.4	YES
AL 7	Gas Combustion Turbine	133 MW	NA	13	NO

Notes:

- * All gas burners are not in service in this load range and some deviation from this rate may occur while burners are placed in service.
- ** Loads at Units 5 and 6 can only be increased above 70 MWs continuously at a rate of approximately 5 MWs per minute, until load reaches 150 MWs. The Units cannot be dispatched for sustained operation above 70 and below 150 MWs.
- *** In this load range, a second boiler feed pump must be placed into or removed from service depending on whether load is being increased or decreased. On increasing load, the second boiler feed pump must be warmed and placed into service at approximately 200 MWs. This process requires approximately 60 minutes advanced notice. On decreasing load, at approximately 220 MWs, the second boiler feed pump is removed from service, a process that requires approximately 15 minutes to achieve. Units 5 and 6 cannot be on AGC below 180 MWs.

Schedule B

Delivery Points

Facility

Delivery Point

Redondo Beach Generating Station

Net Electric Energy and Ancillary Services

At each unit's high side connection to the Redondo 230kV bus.

Gas

1. The first flange downstream of the Southern California Gas Metering Station.
2. The first flange downstream of the Mobil gas meter station.

Huntington Beach Generating Station

Net Electric Energy and Ancillary Services

At each unit's high side connection to the Ellis 230kV bus.

Gas

1. The first flange downstream of the Southern California Gas Metering Station.

Alamitos Generating Station

Net Electric Energy and Ancillary Services

At each unit's high side connection to the Alamitos 230kV bus.

Gas

1. The first flange downstream of the Southern California Gas Metering Station for units 1 through 4.
2. The first flange downstream of the Southern California Gas Metering Station for units 5 and 6.
3. The first flange downstream of the Southern California Gas Metering Station for unit 7.
4. The first flange downstream of the Shell Gas Metering Station.

Schedule 4.1
Dependable Capacity for First Contract Year

Facility/Unit	Dependable Capacity (MWs)
Redondo Beach	
RB 5	175 MWs
RB 6	175 MWs
RB 7	480 MWs
RB 8	480 MWs
Huntington Beach	
HB 1	215 MWs
HB 2	215 MWs
HB 5	133 MWs
Alamitos	
AL 1	175 MWs
AL 2	175 MWs
AL 3	320 MWs
AL 4	320 MWs
AL 5	480 MWs
AL 6	480 MWs
AL 7	133 MWs

Schedule 4.2
Guaranteed Availability

Facility	Unit	Guaranteed Availability (%)	Debt Factor	Major Maintenance Cycle ("MMC")	Maximum Planned Outage Hours per MMC	End Date of Last Planned Major Outage	Outage Hours Remaining in Current MMC
Alamitos	1	78.9%	26%	6 years	3600 hours		
Alamitos	2	78.9%	26%	6 years	3600 hours		
Alamitos	3	86.0%	26%	6 years	3600 hours		
Alamitos	4	86.0%	26%	6 years	3600 hours		
Alamitos	5	86.0%	51%	6 years	3600 hours		
Alamitos	6	86.0%	51%	6 years	3600 hours		
Alamitos	7	95.0%	100%	6 years	3600 hours		
Huntington Beach	1	86.0%	26%	6 years	3600 hours		
Huntington Beach	2	86.0%	26%	6 years	3600 hours		
Huntington Beach	5	95.0%	100%	6 years	3600 hours		
Redondo Beach	5	78.9%	26%	6 years	3600 hours		
Redondo Beach	6	78.9%	26%	6 years	3600 hours		
Redondo Beach	7	86.0%	51%	6 years	3600 hours		
Redondo Beach	8	86.0%	51%	6 years	3600 hours		

Schedule 4.3 - Shortfall Factor

AS = Availability Shortfall (expressed as a percentage)

= (Guaranteed Availability - Year-to-Date Availability) / Guaranteed Availability

If AS is between:

Then Shortfall factor is:

0%	and	5%	0.5	+	0	*	(AS / 5%)
5%	and	10%	0.5	+	0.3	*	(AS / 10%)
10%	and	15%	0.8	+	0.3	*	(AS / 15%)
15%	and	20%	1.1	+	0.3	*	(AS / 20%)
20%	and	25%	1.4	+	0.1	*	(AS / 25%)
25%	and	30%	1.5	+	0.1	*	(AS / 30%)
30%	and	35%	1.6	+	0.1	*	(AS / 35%)
35%	and	40%	1.7	+	0.1	*	(AS / 40%)
40%	and	45%	1.8	+	0.1	*	(AS / 45%)
45%	and	50%	1.9	+	0.1	*	(AS / 50%)
50%	and	55%	Below this point the Shortfall Factor is calculated by :				
55%	and	60%					
60%	and	65%					
65%	and	70%					
70%	and	75%					
75%	and	80%					
80%	and	85%					
85%	and	90%	SF = (1+(AS - 0.5)*0.2) / AS				
90%	and	95%					
95%	and	100%					

SCHEDULE 1.1

[illegible]

Schedule 5.4 Start Up Payments

Unit Name	Fixed Start Time	Fixed Start Rate	Fixed Start Amount	Fixed Start Hours	Fixed Start Rate	Fixed Start Amount
AL 1	10	76	2,600	see schedule	4	see schedule
AL 2	10	76	2,600	see schedule	4	see schedule
AL 3	10	180	4,600	see schedule	4	see schedule
AL 4	10	180	4,600	see schedule	4	see schedule
AL 5	24	192	6,200	see schedule	16	see schedule
AL 6	24	192	6,200	see schedule	16	see schedule
AL 7	10 min.					
HB 1	10	81	3,000	see schedule	4	see schedule
HB 2	10	81	3,000	see schedule	4	see schedule
HB 3	10 min.					
RB 5	10	76	2,600	see schedule	4	see schedule
RB 6	10	76	2,600	see schedule	4	see schedule
RB 7	36	264	6,200	see schedule	16	see schedule
RB 8	36	264	6,200	see schedule	16	see schedule

Notes:

1. Start variable costs will be actual consumed during actual start hours not to exceed the hours determined in note 2 below and further not to exceed cold start costs.
2. A curve will be developed between the parties to determine the unit start time in relation to unit down time during May 15 to June 1 1998.
3. Electric cost will be determined using the applicable PX energy price for the hours during start-up.

Schedule 5.4 Start-Up Payments
Alamitos - Non Energy Start-Up Costs (\$000)

Slur	ALG	CODE	ALG	CODE	ALG	CODE	ALG	CODE	ALG	CODE	ALG	CODE
1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	0.0	0.0	10.4	10.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	10.4	10.4	10.4	10.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	10.4	10.4	10.4	10.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	10.4	15.0	10.4	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	10.4	15.0	10.4	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	10.4	15.0	10.4	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	10.4	15.0	10.4	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	10.4	15.0	10.4	15.0	0.0	0.0	0.0	0.0	0.0	0.0	24.9	24.9
13	10.4	15.0	10.4	15.0	15.4	15.4	0.0	0.0	24.8	24.8	24.9	24.9
14	10.4	15.0	10.4	15.0	15.4	15.4	0.0	0.0	24.8	24.8	24.9	24.9
15	10.4	15.0	10.4	15.0	15.4	15.4	0.0	0.0	33.3	50.0	33.3	50.0
16	10.4	15.0	10.4	15.0	16.8	25.0	0.0	0.0	33.3	50.0	33.3	50.0
17	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
18	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
19	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
20	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
21	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
22	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
23	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
24	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
25	10.4	15.0	10.4	15.0	16.8	25.0	15.4	15.4	33.3	50.0	33.3	50.0
26	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
27	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
28	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
29	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
30	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
31	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
32	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
33	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
34	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
35	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
36	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
37	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
38	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
39	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
40	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
41	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
42	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
43	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
44	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
45	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
46	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
47	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
48	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
49	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
50	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
51	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0
52	10.4	15.0	10.4	15.0	16.8	25.0	16.8	25.0	33.3	50.0	33.3	50.0

Schedule 5.4 Start-Up Payments
Redondo Beach - Non Energy Start-Up Costs (\$000)

Station	RB5	RB6	RB7	RB8	RB9	RB10	RB11	RB12	RB13
1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	0.0	0.0	10.4	10.4	0.0	0.0	0.0	0.0	0.0
8	0.0	0.0	10.4	10.4	0.0	0.0	24.9	24.9	24.9
9	10.4	10.4	10.4	10.4	0.0	0.0	24.9	24.9	24.9
10	10.4	15.0	10.4	10.4	0.0	0.0	24.9	24.9	24.9
11	10.4	15.0	10.4	15.0	0.0	0.0	24.9	24.9	24.9
12	10.4	15.0	10.4	15.0	0.0	0.0	33.5	50.0	50.0
13	10.4	15.0	10.4	15.0	24.9	24.9	33.5	50.0	50.0
14	10.4	15.0	10.4	15.0	24.9	24.9	33.5	50.0	50.0
15	10.4	15.0	10.4	15.0	24.9	24.9	33.5	50.0	50.0
16	10.4	15.0	10.4	15.0	24.9	24.9	33.5	50.0	50.0
17	10.4	15.0	10.4	15.0	24.9	24.9	33.5	50.0	50.0
18	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
19	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
20	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
21	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
22	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
23	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
24	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
25	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
26	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
27	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
28	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
29	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
30	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
31	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
32	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
33	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
34	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
35	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
36	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
37	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
38	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
39	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
40	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
41	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
42	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
43	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
44	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
45	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
46	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
47	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
48	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
49	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
50	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
51	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0
52	10.4	15.0	10.4	15.0	33.5	50.0	33.5	50.0	50.0

Schedule 5.4 Start-Up Payments

Huntington Beach - Non Energy Start-Up Costs (\$000)

Start #	HB1	HB2	HB3	HB4
1	0.0	0.0	0.0	0.0
2	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0
4	0.0	0.0	0.0	0.0
5	0.0	0.0	0.0	0.0
6	0.0	0.0	0.0	0.0
7	10.6	10.6	0.0	0.0
8	16.8	25.0	0.0	0.0
9	16.8	25.0	0.0	0.0
10	16.8	25.0	0.0	0.0
11	16.8	25.0	0.0	0.0
12	16.8	25.0	0.0	0.0
13	16.8	25.0	10.6	10.6
14	16.8	25.0	10.6	10.6
15	16.8	25.0	16.8	25.0
16	16.8	25.0	16.8	25.0
17	16.8	25.0	16.8	25.0
18	16.8	25.0	16.8	25.0
19	16.8	25.0	16.8	25.0
20	16.8	25.0	16.8	25.0
21	16.8	25.0	16.8	25.0
22	16.8	25.0	16.8	25.0
23	16.8	25.0	16.8	25.0
24	16.8	25.0	16.8	25.0
25	16.8	25.0	16.8	25.0
26	16.8	25.0	16.8	25.0
27	16.8	25.0	16.8	25.0
28	16.8	25.0	16.8	25.0
29	16.8	25.0	16.8	25.0
30	16.8	25.0	16.8	25.0
31	16.8	25.0	16.8	25.0
32	16.8	25.0	16.8	25.0
33	16.8	25.0	16.8	25.0
34	16.8	25.0	16.8	25.0
35	16.8	25.0	16.8	25.0
36	16.8	25.0	16.8	25.0
37	16.8	25.0	16.8	25.0
38	16.8	25.0	16.8	25.0
39	16.8	25.0	16.8	25.0
40	16.8	25.0	16.8	25.0
41	16.8	25.0	16.8	25.0
42	16.8	25.0	16.8	25.0
43	16.8	25.0	16.8	25.0
44	16.8	25.0	16.8	25.0
45	16.8	25.0	16.8	25.0
46	16.8	25.0	16.8	25.0
47	16.8	25.0	16.8	25.0
48	16.8	25.0	16.8	25.0
49	16.8	25.0	16.8	25.0
50	16.8	25.0	16.8	25.0
51	16.8	25.0	16.8	25.0
52	16.8	25.0	16.8	25.0

Schedule 6

ALAMITOS GENERATING STATION UNIT 1

Unit 1

Size 175 MW
Minimum Load 10 MW
Minimum Load On AGC 45 MW

ALAMITOS GENERATING STATION UNIT 1		
Load	HR	Ramp Rate
MW	BTU/KWh	MW/MIN
5	na	na
10	na	na
15	5.0	5.0
20	5.0	5.0
25	5.0	5.0
30	5.0	5.0
35	5.0	5.0
40	5.0	5.0
45	15,020	5.0
50	14,463	5.0
55	14,095	5.0
60	13,638	5.0
65	13,380	5.0
70	13,043	5.0
75	12,856	5.0
80	12,608	5.0
85	12,421	5.0
90	12,263	5.0
95	12,116	5.0
100	11,979	5.0
105	11,851	5.0
110	11,754	5.0
115	11,656	5.0
120	11,559	5.0
125	11,481	5.0
130	11,414	5.0
135	11,337	5.0
140	11,279	5.0
145	11,212	5.0
150	11,154	5.0
155	11,107	5.0
160	11,060	2.5
165	11,012	2.5
170	10,965	2.5
175	10,927	2.5
180	10,836	2.5
184	10,752	2.5

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA.

Schedule 6

ALAMITOS GENERATING STATION UNIT 2

Unit 2

Size 175 MW
Minimum Load 10 MW
Minimum Load On AGC 40 MW

ALAMITOS GENERATING STATION UNIT 2			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
5		na	
10		na	
15		5.0	
20		5.0	
25		5.0	
30		5.0	
35		5.0	
40		5.0	
45	13,240	5.0	
50	12,833	5.0	
55	12,505	5.0	
60	12,238	5.0	
65	12,010	5.0	
70	11,823	5.0	
75	11,656	5.0	
80	11,518	5.0	
85	11,391	5.0	
90	11,283	5.0	
95	11,196	5.0	
100	11,109	5.0	
105	11,041	5.0	
110	10,984	5.0	
115	10,916	5.0	
120	10,869	5.0	
125	10,821	5.0	
130	10,784	5.0	
135	10,757	5.0	
140	10,729	5.0	
145	10,702	5.0	
150	10,684	5.0	
155	10,667	5.0	
160	10,650	2.5	
165	10,642	2.5	
170	10,635	2.5	
175	10,627	2.5	
180	10,619	2.5	
184	10,611	2.5	

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA.

Schedule 6

ALAMITOS GENERATING STATION UNIT 3

Unit 3

Size 320 MW

Minimum Load 20 MW

Minimum Load On AGC 70 MW

ALAMITOS GENERATING STATION UNIT 3		
Load	HR	Ramp Rate
MW	BTU/KWh	MW/MIN
5	na	na
10	na	na
15	na	na
20	na	na
25	5.0	5.0
30	5.0	5.0
35	5.0	5.0
40	5.0	5.0
45	5.0	5.0
50	5.0	5.0
55	5.0	5.0
60	5.0	5.0
65	5.0	5.0
70	5.0	5.0
75	5.0	5.0
80	11.750	5.0
85	11.555	5.0
90	11.400	5.0
95	11.252	5.0
100	11.118	5.0
105	10.997	5.0
110	10.887	5.0
115	10.787	5.0
120	10.695	5.0
125	10.610	5.0
130	10.532	5.0
135	10.459	5.0
140	10.392	5.0
145	10.330	5.0
150	10.272	5.0
155	10.218	5.0
160	10.168	5.0
165	10.121	5.0
170	10.077	5.0
175	10.035	5.0
180	9.997	5.0
185	9.961	5.0
190	9.927	5.0
195	9.895	5.0
200	9.865	5.0
205	9.837	5.0
210	9.811	5.0
215	9.787	5.0
220	9.764	5.0
225	9.743	5.0
230	9.723	5.0
235	9.704	5.0
240	9.687	5.0
245	9.671	5.0
250	9.656	5.0
255	9.642	5.0
260	9.629	5.0
265	9.618	5.0
270	9.607	5.0
275	9.597	5.0
280	9.588	5.0
285	9.581	5.0
290	9.574	2.5
295	9.567	2.5
300	9.562	2.5
305	9.556	2.5
310	9.554	2.5
315	9.551	2.5
320	9.549	2.5
325	9.547	2.5
330	9.545	2.5
335	9.543	2.5

Notes:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA.

Schedule 6

ALAMITOS GENERATING STATION UNIT 4

Unit 4

Size 320 MW
 Minimum Load 20 MW
 Minimum Load On AGC 70 MW

ALAMITOS GENERATING STATION UNIT 4		
Load	HR	Ramp Rate
MW	BTU/KWh	MW/MIN
5	na	na
10	na	na
15	na	na
20	na	na
25	5.0	5.0
30	5.0	5.0
35	5.0	5.0
40	5.0	5.0
45	5.0	5.0
50	5.0	5.0
55	5.0	5.0
60	5.0	5.0
65	5.0	5.0
70	5.0	5.0
75	5.0	5.0
80	12.639	5.0
85	12.431	5.0
90	12.245	5.0
95	12.076	5.0
100	11.923	5.0
105	11.783	5.0
110	11.655	5.0
115	11.536	5.0
120	11.426	5.0
125	11.323	5.0
130	11.230	5.0
135	11.141	5.0
140	11.058	5.0
145	10.980	5.0
150	10.907	5.0
155	10.838	5.0
160	10.773	5.0
165	10.711	5.0
170	10.653	5.0
175	10.598	5.0
180	10.545	5.0
185	10.495	5.0
190	10.448	5.0
195	10.403	5.0
200	10.360	5.0
205	10.319	5.0
210	10.280	5.0
215	10.243	5.0
220	10.208	5.0
225	10.174	5.0
230	10.142	5.0
235	10.111	5.0
240	10.082	5.0
245	10.054	5.0
250	10.027	5.0
255	10.002	5.0
260	9.978	5.0
265	9.955	5.0
270	9.933	5.0
275	9.912	5.0
280	9.893	5.0
285	9.874	5.0
290	9.857	2.5
295	9.840	2.5
300	9.824	2.5
305	9.810	2.5
310	9.796	2.5
315	9.783	2.5
320	9.771	2.5
325	9.759	2.5
330	9.747	2.5
335	9.735	2.5

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA.

Schedule 6

ALAMITOS GENERATING STATION UNIT 5

Unit 5

Size 480 MW
Minimum Load 70 MW
Minimum Load On AGC 180 MW

ALAMITOS GENERATING STATION UNIT 5			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
70	11,577	na	
75	11,522	2.5	
80	11,481	5.0	
85	11,439	5.0	
90	11,395	5.0	
95	11,352	5.0	
100	11,308	5.0	
105	11,265	5.0	
110	11,221	5.0	
115	11,180	5.0	
120	11,137	5.0	
125	11,094	5.0	
130	11,633	5.0	
135	11,503	5.0	
140	11,382	5.0	
145	11,271	5.0	
150	11,167	5.0	
155	11,071	5.0	
160	10,981	5.0	
165	10,896	5.0	
170	10,817	5.0	
175	10,743	5.0	
180	10,674	5.0	
185	10,608	5.0	
190	10,546	5.0	
195	10,488	5.0	
200	10,433	5.0	
205	10,381	5.0	
210	10,332	5.0	
215	10,285	5.0	
220	10,241	5.0	
225	10,198	5.0	
230	10,158	5.0	
235	10,120	5.0	
240	10,084	5.0	
245	10,050	5.0	
250	10,017	5.0	

255	9,985	5.0	
260	9,956	5.0	
265	9,927	5.0	
270	9,900	5.0	
275	9,874	5.0	
280	9,849	5.0	
285	9,825	5.0	
290	9,802	5.0	
295	9,780	5.0	
300	9,759	5.0	
305	9,739	5.0	
310	9,720	5.0	
315	9,701	5.0	
320	9,684	5.0	
325	9,667	5.0	
330	9,650	5.0	
335	9,635	5.0	
340	9,620	5.0	
345	9,605	5.0	
350	9,592	5.0	
355	9,578	5.0	
360	9,566	5.0	
365	9,553	5.0	
370	9,542	5.0	
375	9,530	5.0	
380	9,519	5.0	
385	9,509	5.0	
390	9,499	5.0	
395	9,489	5.0	
400	9,480	5.0	
405	9,471	5.0	
410	9,463	5.0	
415	9,454	5.0	
420	9,446	5.0	
425	9,439	5.0	
430	9,432	5.0	
435	9,425	2.5	
440	9,418	2.5	
445	9,412	2.5	
450	9,405	2.5	
455	9,399	2.5	
460	9,394	2.5	
465	9,388	2.5	
470	9,383	2.5	
475	9,378	2.5	
480	9,373	2.5	
485	9,368	2.5	
490	9,363	2.5	
495	9,358	2.5	

500	9,353	2.5	
504	- 9,348	2.5	

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA..

Schedule 6

ALAMITOS GENERATING STATION UNIT 6

Unit 6

Size 480 MW
Minimum Load 70 MW
Minimum Load On AGC 180 MW

ALAMITOS GENERATING STATION UNIT 6			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
70	12,344	na	
75	12,344	2.5	
80	12,344	5.0	
85	12,344	5.0	
90	12,344	5.0	
95	12,344	5.0	
100	12,344	5.0	
105	12,344	5.0	
110	12,344	5.0	
115	12,344	5.0	
120	12,344	5.0	
125	12,344	5.0	
130	11,344	5.0	
135	11,221	5.0	
140	11,108	5.0	
145	11,005	5.0	
150	10,909	5.0	
155	10,822	5.0	
160	10,741	5.0	
165	10,666	5.0	
170	10,597	5.0	
175	10,532	5.0	
180	10,473	5.0	
185	10,417	5.0	
190	10,366	5.0	
195	10,318	5.0	
200	10,273	5.0	
205	10,232	5.0	
210	10,193	5.0	
215	10,156	5.0	
220	10,122	5.0	
225	10,090	5.0	
230	10,061	5.0	
235	10,033	5.0	
240	10,006	5.0	
245	9,982	5.0	
250	9,958	5.0	

255	9,937	5.0
260	9,916	5.0
265	9,897	5.0
270	9,879	5.0
275	9,862	5.0
280	9,845	5.0
285	9,830	5.0
290	9,816	5.0
295	9,802	5.0
300	9,789	5.0
305	9,777	5.0
310	9,765	5.0
315	9,754	5.0
320	9,744	5.0
325	9,734	5.0
330	9,724	5.0
335	9,715	5.0
340	9,707	5.0
345	9,698	5.0
350	9,690	5.0
355	9,683	5.0
360	9,675	5.0
365	9,668	5.0
370	9,661	5.0
375	9,655	5.0
380	9,648	5.0
385	9,642	5.0
390	9,636	5.0
395	9,630	5.0
400	9,624	5.0
405	9,618	5.0
410	9,613	5.0
415	9,607	5.0
420	9,602	5.0
425	9,596	5.0
430	9,591	5.0
435	9,585	2.5
440	9,580	2.5
445	9,575	2.5
450	9,569	2.5
455	9,564	2.5
460	9,559	2.5
465	9,553	2.5
470	9,548	2.5
475	9,543	2.5
480	9,537	2.5
485	9,531	2.5
490	9,525	2.5
495	9,519	2.5

500	9,513	2.5	
504	9,507	2.5	

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA..

Schedule 6

ALAMITOS GENERATING STATION UNIT 7

Unit 7

Size 133 MW
Minimum Load 133 MW

ALAMITOS GENERATING STATION UNIT 7			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
133	10,515/500	na	

Note:

1. AES does not guarantee Heat Rate.

Schedule 6

HUNTINGTON BEACH GENERATING STATION UNIT 1

Unit 1

Size 215 MW
Minimum Load 20 MW
Minimum Load On AGC 65 MW

HUNTINGTON BEACH GENERATING STATION UNIT 1		
Load	HR	Ramp Rate
MW	BTU/KWh	MW/MIN
5	na	na
10	na	na
15	na	na
20	na	na
25	11,506	5.0
30	11,317	5.0
35	11,157	5.0
40	11,018	5.0
45	10,897	5.0
50	10,791	5.0
55	10,696	5.0
60	10,611	5.0
65	10,535	5.0
70	10,466	5.0
75	10,403	5.0
80	10,346	5.0
85	10,294	5.0
90	10,245	5.0
95	10,201	5.0
100	10,159	5.0
105	10,121	5.0
110	10,085	5.0
115	10,052	5.0
120	10,021	5.0
125	9,992	5.0
130	9,965	5.0
135	9,940	5.0
140	9,917	5.0
145	9,894	5.0
150	9,874	5.0
155	9,854	5.0
160	9,836	5.0
165	9,819	2.5
170	9,803	2.5
175	9,789	2.5
180	9,775	2.5
185	9,762	2.5
190	9,749	2.5
195	9,736	2.5

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA.

Schedule 6

HUNTINGTON-BEACH GENERATING STATION UNIT 2

Unit 2

Size 215 MW
Minimum Load 20 MW
Minimum Load On AGC 65 MW

HUNTINGTON BEACH GENERATING STATION UNIT 2			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
5		na	
10		na	
15		na	
20		na	
25		5.0	
30		5.0	
35		5.0	
40		5.0	
45		5.0	
50		5.0	
55	11,677	5.0	
60	11,475	5.0	
65	11,304	5.0	
70	11,156	5.0	
75	11,028	5.0	
80	10,916	5.0	
85	10,817	5.0	
90	10,728	5.0	
95	10,649	5.0	
100	10,577	5.0	
105	10,511	5.0	
110	10,452	5.0	
115	10,397	5.0	
120	10,347	5.0	
125	10,301	5.0	
130	10,258	5.0	
135	10,218	5.0	
140	10,181	5.0	
145	10,146	5.0	
150	10,114	5.0	
155	10,083	5.0	
160	10,054	5.0	
165	10,027	5.0	
170	10,001	5.0	
175	9,977	5.0	
180	9,954	5.0	
185	9,932	5.0	
190	9,912	5.0	
195	9,892	2.5	
200	9,873	2.5	
205	9,855	2.5	
210	9,838	2.5	
215	9,822	2.5	
220	9,806	2.5	
225	9,790	2.5	

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA.

Schedule 6

HUNTINGTON BEACH GENERATING STATION UNIT 5

Unit 5

Size 133 MW
Minimum Load 133 MW

HUNTINGTON BEACH GENERATING STATION UNIT 5			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
133	7,346,500	na	

Note:

1. AES does not guarantee Heat Rate.

Schedule 6

REDONDO BEACH GENERATING STATION UNIT 5

Unit 5

Size 175 MW
Minimum Load 10 MW
Minimum Load On AGC 45 MW

Redondo Generating Station Heat Rate Calculations Unit 5			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
5		na	
10	24,988	na	
15	25,668	5.0	
20	26,348	5.0	
25	27,028	5.0	
30	27,708	5.0	
35	28,388	5.0	
40	29,068	5.0	
45	13,686	5.0	
50	13,396	5.0	
55	13,159	5.0	
60	12,961	5.0	
65	12,795	5.0	
70	12,654	5.0	
75	12,532	5.0	
80	12,426	5.0	
85	12,334	5.0	
90	12,254	5.0	
95	12,183	5.0	
100	12,121	5.0	
105	12,066	5.0	
110	12,018	5.0	
115	11,976	5.0	
120	11,939	5.0	
125	11,907	5.0	
130	11,879	5.0	
135	11,855	5.0	
140	11,835	5.0	
145	11,817	5.0	
150	11,804	5.0	
155	11,792	5.0	
160	11,784	2.5	
165	11,778	2.5	
170	11,775	2.5	
175	11,774	2.5	
180	11,773	2.5	
184	11,772	2.5	

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA..

Schedule 6

REDONDO BEACH GENERATING STATION

Unit 6

Size 175 MW
Minimum Load 10 MW
Minimum Load On AGC 45 MW

Redondo Generating Station Heat Rate Calculations Unit 6		
Load	HR	Ramp Rate
MW	BTU/KWh	MW/MIN
5	na	na
10	na	na
15	5.0	5.0
20	5.0	5.0
25	5.0	5.0
30	5.0	5.0
35	5.0	5.0
40	5.0	5.0
45	13,685	5.0
50	13,395	5.0
55	13,158	5.0
60	12,960	5.0
65	12,794	5.0
70	12,653	5.0
75	12,531	5.0
80	12,425	5.0
85	12,333	5.0
90	12,253	5.0
95	12,182	5.0
100	12,120	5.0
105	12,065	5.0
110	12,017	5.0
115	11,975	5.0
120	11,938	5.0
125	11,906	5.0
130	11,878	5.0
135	11,854	5.0
140	11,834	5.0
145	11,816	5.0
150	11,803	5.0
155	11,791	5.0
160	11,783	2.5
165	11,777	2.5
170	11,774	2.5
175	11,773	2.5
180	11,772	2.5
184	11,771	2.5

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA..

Schedule 6

REDONDO BEACH GENERATING STATION

Unit 7

Size

480 MW

Minimum Load

130 MW

Minimum Load On AGC

180 MW

Redondo Generating Station Heat Rate Calculations Unit 7			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
130	11,400	na	
135	11,263	2.5	
140	11,138	2.5	
145	11,024	5.0	
150	10,919	5.0	
155	10,823	5.0	
160	10,735	5.0	
165	10,654	5.0	
170	10,579	5.0	
175	10,510	5.0	
180	10,447	5.0	
185	10,388	5.0	
190	10,333	5.0	
195	10,282	5.0	
200	10,235	5.0	
205	10,192	5.0	
210	10,151	5.0	
215	10,114	5.0	
220	10,078	5.0	
225	10,046	5.0	
230	10,015	5.0	
235	9,987	5.0	
240	9,960	5.0	
245	9,935	5.0	
250	9,912	5.0	
255	9,890	5.0	
260	9,870	5.0	
265	9,850	5.0	
270	9,832	5.0	
275	9,815	5.0	
280	9,799	5.0	
285	9,784	5.0	
290	9,770	5.0	
295	9,756	5.0	
300	9,744	5.0	
305	9,731	5.0	
310	9,720	5.0	

315	9,709	5.0	
320	9,698	5.0	
325	9,688	5.0	
330	9,678	5.0	
335	9,669	5.0	
340	9,660	5.0	
345	9,651	5.0	
350	9,642	5.0	
355	9,634	5.0	
360	9,626	5.0	
365	9,618	5.0	
370	9,610	5.0	
375	9,602	5.0	
380	9,595	5.0	
385	9,587	5.0	
390	9,579	5.0	
395	9,572	5.0	
400	9,564	5.0	
405	9,557	5.0	
410	9,549	5.0	
415	9,542	5.0	
420	9,534	5.0	
425	9,526	5.0	
430	9,518	5.0	
435	9,510	2.5	
440	9,502	2.5	
445	9,494	2.5	
450	9,485	2.5	
455	9,477	2.5	
460	9,468	2.5	
465	9,459	2.5	
470	9,450	2.5	
475	9,441	2.5	
480	9,431	2.5	
485	9,421	2.5	
490	9,411	2.5	
495	9,401	2.5	
500	9,391	2.5	
504	9,381	2.5	

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA..

Schedule 6

REDONDO BEACH GENERATING STATION

Unit 8

Size 480 MW
 Minimum Load 130 MW
 Minimum Load On AGC 180 MW

Redondo Generating Station Heat Rate Calculations Unit 8			
Load	HR	Ramp Rate	
MW	BTU/KWh	MW/MIN	
130	11,228	na	
135	11,133	2.5	
140	11,046	2.5	
145	10,964	5.0	
150	10,889	5.0	
155	10,818	5.0	
160	10,752	5.0	
165	10,690	5.0	
170	10,632	5.0	
175	10,577	5.0	
180	10,525	5.0	
185	10,476	5.0	
190	10,430	5.0	
195	10,387	5.0	
200	10,346	5.0	
205	10,306	5.0	
210	10,269	5.0	
215	10,234	5.0	
220	10,200	5.0	
225	10,168	5.0	
230	10,138	5.0	
235	10,109	5.0	
240	10,081	5.0	
245	10,054	5.0	
250	10,029	5.0	
255	10,005	5.0	
260	9,981	5.0	
265	9,959	5.0	
270	9,938	5.0	
275	9,917	5.0	
280	9,897	5.0	
285	9,878	5.0	
290	9,860	5.0	
295	9,843	5.0	
300	9,826	5.0	
305	9,810	5.0	
310	9,794	5.0	

315	9,779	5.0	
320	9,765	5.0	
325	9,751	5.0	
330	9,737	5.0	
335	9,724	5.0	
340	9,712	5.0	
345	9,700	5.0	
350	9,688	5.0	
355	9,677	5.0	
360	9,666	5.0	
365	9,656	5.0	
370	9,646	5.0	
375	9,636	5.0	
380	9,626	5.0	
385	9,617	5.0	
390	9,608	5.0	
395	9,600	5.0	
400	9,592	5.0	
405	9,584	5.0	
410	9,576	5.0	
415	9,569	5.0	
420	9,562	5.0	
425	9,555	5.0	
430	9,548	5.0	
435	9,541	2.5	
440	9,535	2.5	
445	9,529	2.5	
450	9,523	2.5	
455	9,518	2.5	
460	9,512	2.5	
465	9,507	2.5	
470	9,502	2.5	
475	9,497	2.5	
480	9,492	2.5	
485	9,487	2.5	
490	9,482	2.5	
495	9,477	2.5	
500	9,472	2.5	
504	9,467	2.5	

Note:

1. AES does not guarantee Heat Rate Below 25% except when operating pursuant to an ISO directive under the MRA in which case the heat rate is guaranteed below 25% in accordance with the MRA..

SCHEDULE 8.2 *

Dispatch and Operating Procedures

Scheduling Coordinator

WESCO will be the Scheduling Coordinator ("SC") for all 14 Units, pursuant to the Scheduling Coordinator Agreement dated as of May __, 1998 ("SCA") between WESCO and the AES Subsidiaries. As SC, pursuant to the SCA, WESCO will have exclusive responsibility for the interface with the ISO for all Non-market Transaction dispatch requests and the PX for all Market Transaction dispatch requests. The dispatch responsibility will include all Net Electric Energy and Ancillary Services. The AES Subsidiaries will be responsible for operation of the Units to the requested Capacity level and for provisions of the requested Ancillary Services each hour.

Maintenance and Outages

Planned Outages. (a) WESCO shall furnish to the AES Subsidiaries on or prior to the Effective Date and on each August 1 during the term a forecast of the operation of the Facilities for the following three years in order to provide the AES Subsidiaries with planning information to support the AES Subsidiaries' scheduling of Planned Outages. WESCO shall provide updates to the forecast in a timely manner if WESCO's expectations change materially.

(b) The AES Subsidiaries shall furnish to WESCO on or prior to the Effective Date and on each September 15 during the Term a forecast of the Planned Outage for all Units for the following three years. The AES Subsidiaries shall provide updates to the forecast in a timely manner, but not less frequently than quarterly.

(c) The AES Subsidiaries shall coordinate the scheduling of all Planned Outages with WESCO and such schedule shall be consistent with the terms of the MRAs and subject to WESCO's reasonable approval and the provisions of Paragraph (d), below.

The AES Subsidiaries will submit to WESCO a 15-month Planned Outage schedule for each Unit no later than September 15 of each calendar year. WESCO will indicate its approval or objection to the proposed Planned Outage Schedule by December 15 of the same calendar year. The AES Subsidiaries shall update the Planned Outage Schedule each January 1, April 1, and July 1 for the following 12 months. The quarterly updates shall indicate any proposed changes to previously approved Planned Outages, such changes, except as noted in paragraph (e) below, are subject to WESCO approval. Requests for Planned Outages or changes therein must include the following information:

- The affected Unit and the reason for the outage
- The work to be performed
- The earliest date the outage can begin
- The latest the outage can begin
- The expected duration of the outage
- The date the AES Subsidiaries would propose to begin the outage.

The AES Subsidiaries shall update the Planned Outage Schedule and provide Notice thereof to WESCO from time to time during the Term as provided in Schedule 8.2. Any change in the Planned Outage Schedule or any of the matters set forth therein shall be subject to the approval of WESCO. The AES Subsidiaries shall notify WESCO immediately upon the occurrence of any event or circumstance which could delay any affected Unit's return to service on the scheduled date thereof.

* Subject to further agreement by the parties.

(d) Planned Outages shall not be scheduled during any Designated Month. In each Contract Year WESCO will provide the AES Subsidiaries at least two periods, separated by at least ninety (90) Days unless the AES Subsidiaries shall consent otherwise, of two and one-half consecutive non-Designated Months for scheduling of Planned Outages.

(e) Subject to the provisions of paragraph (d), the AES Subsidiaries will be permitted to change the schedule for a Planned Outage upon three (3) months' Notice to WESCO; provided that the change does not result in more than one (1) Unit per Facility being the subject of a Planned Outage at the same time.

For all Planned Outages, the AES Subsidiaries will provide WESCO a request to commence the Planned Outage no earlier than 7 days before the outage and no later than 3 days before the start of the outage. WESCO will provide the AES Subsidiaries with approval and confirmation of the Planned Outage within 24 hours of the planned start date. The advance approval notice is subject to the requirements of the MRAs. The AES Subsidiaries will be responsible to notify immediately WESCO if there is any change to an approved outage. The notification is required with respect to changes in outages that have not begun and outages that are in progress.

Maintenance Outages. The AES Subsidiaries shall coordinate the scheduling of all Maintenance Outages and Maintenance Deratings during the Term with WESCO in accordance with the procedures therefor in this Schedule 8.2. The AES Subsidiaries shall provide Notice to WESCO of (i) the reason for each Maintenance Outage or Maintenance Derating, (ii) the Unit or Units affected, and (iii) the proposed date and time for the commencement and termination of such Maintenance Outage or Maintenance Derating (a "Maintenance Outage Schedule") from time to time during the Term as provided in this Schedule 8.2. Any change in a Maintenance Outage Schedule or in any of the matters set forth therein shall be subject to the procedures set forth therefor in this Schedule 8.2. The AES Subsidiaries shall notify WESCO immediately upon the occurrence of any event or circumstance which could result in the inability of the affected Units to return to service on the scheduled date therefor.

Forced Outages. The AES Subsidiaries shall provide Notice to WESCO as soon as possible concerning any Forced Outage or Forced Derating setting forth (i) the reason for such Forced Outage or Forced Derating, (ii) the Unit or Units affected and (iii) the proposed date and time for the termination of such Forced Outage or Forced Derating (a "Forced Outage Schedule") during the Term as provided in this Schedule 8.2. Any change in a Forced Outage Schedule or in any of the matters set forth therein shall be subject to the procedures set forth therefor in Schedule 8.2.

If the AES subsidiaries must perform a Maintenance Outage, Forced Outage, Maintenance Derating or Forced Derating, the AES Subsidiaries will immediately provide WESCO with an outage request that includes the following information:

- The affected Unit and the reason for the outage or derating
- The work to be performed
- The earliest date the outage or derating can begin (or began)
- The latest the outage can begin (if applicable)
- The expected duration of the outage
- The date the AES Subsidiaries would propose to begin the outage (if applicable)

WESCO will provide the AES Subsidiaries WESCO's preferred outage dates within 24 hours of the receipt of the outage request. If the WESCO dates and the AES Subsidiaries dates do not coincide, the parties will work in good faith to determine the outage date and if unable to agree, the outage schedule will be determined pursuant to Article XII.

Scheduling

The AES Subsidiaries will provide a weekly Unit status Notice each week no later than 04:30 PPT each Monday for the next 7 Days.

WESCO will provide the AES Subsidiaries with an anticipated daily Unit forecast for the next 7 Days, each Monday no later than 11:00 PPT.

The AES Subsidiaries will provide WESCO a monthly report of actual Unit Planned Outage Hours, Maintenance Outage hours, Forced Outage hours, Maintenance Derating hours, Forced Outage hours, attempted Start-ups (Hot, Cold and Warm), actual Start-ups (Hot, Cold and Warm), Gas consumed, oil consumed, electricity consumed, actual Net Electric Energy delivered and actual MVARs within 10 days following the end of each month for each Unit. The report will indicate whether Unit Maintenance Outage hours during the month will count against the pool of Unit Planned Outage Hours.

WESCO will Dispatch the Units within the limits described in Schedules A, B, 4.1, 5.4, and 6.

The AES Subsidiaries will communicate with WESCO on a daily basis or instantaneously as changes warrant with respect to the availability and status of each Unit. If a WESCO Dispatch Notice includes a Unit Start-up, the AES Subsidiaries will notify WESCO by telephone when the Unit is synchronized and at minimum load ready to be dispatched to the required output. The AES Subsidiaries shall fax a copy of a completed Unit Start-up notice to WESCO within 24 hours of a Unit Start-up. When a dispatch notice requires a Unit Start-up or Shutdown, the AES Subsidiaries will be responsible to coordinate all required switchyard switching with the SCE Grid Control Center.

WESCO and the AES Subsidiaries will communicate all dispatch requests and Unit status Notices by telephone and fax. In the event of a failure of the primary communication link between the AES Subsidiaries and WESCO, both parties will try all available means to communicate including cell phones or additional communication devices as installed. WESCO will install a dedicated phone line, phone and fax machine in the following AES control rooms:

- Alamitos 1 and 2 (if units are off notice will be sent to AL 3 & 4)
- Alamitos 3 and 4, will serve as location for Unit 7 peaker
- Alamitos 5 and 6
- Huntington Beach 1 and 2, will serve as location for Unit 5 peaker
- Redondo Beach 5 and 6
- Redondo Beach 7 and 8

The AES Subsidiaries will be responsible to maintain all equipment within the facilities required by WESCO for proper Unit dispatch, AGC control, Unit status and Unit performance. The AES Subsidiaries will be responsible to maintain the Unit AGC signals to the ISO Energy Control Center.

The ISO reserves the right to communicate directly with the AES Subsidiary generating stations in the event of a system emergency. The AES Subsidiaries will be responsible to inform WESCO as soon as possible of all changes to the schedule or Unit status requested by the ISO as a result of a system emergency. The AES Subsidiaries will be responsible to maintain the required communication links to the ISO.

In the event a Unit is unable to meet a scheduled dispatch notice for any hour, the AES Subsidiaries will immediately call the WESCO dispatcher and inform them of the Unit status. The AES Subsidiaries shall fax a Unit Status Notice and Forced Outage Notice for the affected Units immediately following the phone calls. The Forced Outage Notice should include an estimated time and date the Unit will return to normal.

If a WESCO dispatch request requires an additional ancillary service pursuant to Article 5, paragraph 5.3, the AES Subsidiaries will be responsible to notify and provide WESCO with a cost for the requested

service, within 1 hour of the dispatch request. WESCO will approve or change the dispatch request prior to issue of the Final Daily Dispatch Notice. All WESCO requested dispatch notices are considered accepted by the AES Subsidiaries unless WESCO is notified as stated above.

The Daily Unit Availability Notice, Unit Status Change Notices, Maintenance Outage Notices and Forced Outage Notices will be used by WESCO to calculate the hourly Unit availability for the month.

WESCO expects to participate in several PX markets. These include the day ahead market, hour ahead market and real time market. There will be several types of dispatch notices each day as a result of the various markets. Attached are copies of the dispatch notices.

The following is a time line for the Day Ahead Market.

Day Ahead Market

All times are latest allowable using PPT in relation to Trading Day. Trading Day is the day the power flows.

This is the current timeline and is subject to revision as the ISO, PX, characteristics of plants and system conditions change.

All communication between WESCO and the AES Subsidiaries will be by fax and confirmed by telephone unless otherwise specified.

The ISO may, pursuant to its Participating Generator Agreement with the AES Subsidiaries, communicate directly to each control room in the event of a system emergency.

Plant operators will telephone and fax Unit status to WESCO every morning and telephone the WESCO dispatcher immediately if the status or available Capacity should change within the day. The AES Subsidiary operator shall immediately confirm the Unit status change by fax to WESCO.

Time	Action
0430 One Day Ahead	AES plant operators fax Availability Notice to WESCO
0500 One Day Ahead	WESCO confirms, by telephone, to plant operators, receipt of Availability Notice.
1400 One Day Ahead	WESCO forwards preferred Day-Ahead schedules to plant operators by fax and confirm receipt by telephone.
1500-1700 One Day Ahead	WESCO updates plant operators, by telephone, on adjusted Day-Ahead schedules
1830 One Day Ahead	WESCO will notify plant operators by fax of final Unit Dispatch schedule for the Trading Day, and confirmed by telephone
1845 One Day Ahead	AES plant operators verify, by phone, receipt of Final Unit Dispatch Schedule for the Trading Day.

The following is the time line for the Hour Ahead schedule.

Hour Ahead Market

All times are latest allowable using PPT in relation to Trading Hour.

This is the current timeline and is subject to revision as the ISO, PX, characteristics of plants and system conditions change.

All communication between WESCO and AES will be by fax and confirmed by telephone, unless otherwise specified.

The ISO is will communication directly to each control room in the event of a system emergency.

The AES Subsidiaries will telephone the WESCO dispatcher immediately if status or availability Capacity of a Unit should change within the day. The AES Subsidiary operator shall confirm the telephone notice with a Unit status update fax to WESCO immediately thereafter.

Two hours ahead	WESCO submits its preferred Hour-Ahead schedules, any adjustment bids, any Ancillary Services bids, and any self-provision schedules to the ISO or PX.
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One hour ahead	WESCO provides a fax to the AES Subsidiaries of an updated schedule for the dispatch of the affected Units. The AES Subsidiaries will confirm receipt of the fax telephonically to WESCO dispatcher.
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The following is the time line for the real time schedule.

Real Time Market

All times are latest allowable using PPT in relation to Trading Hour

This is the current timeline and is subject to revision as the ISO, PX, characteristics of plants, and system conditions change.

All times are latest allowable using PPT in relation to Trading Hour

30 Minutes Ahead

WESCO submit supplemental energy bids to the ISO.
ISO delivers hourly dispatch notice to must-run owner's SCs

During Trading Hour

ISO operates the system, procures imbalance Energy and issues real-time dispatch instructions, including Must-Run Dispatch Notices

AES UNIT MAINTENANCE/FORCED OUTAGE REQUEST

Today's Date: ___/___/___ Affected Unit: _____

Name of Requestor: _____

Type of Outage Requested: _____ Forced _____ Maintenance

Earliest Outage Start Date: ___/___/___ Start Time: _____ Hours

Latest Outage Start Date: ___/___/___ Start Time: _____ Hours

Preferred Outage Start Date: ___/___/___ Start Time: _____ Hours

Outage Duration: Days _____ Hours _____

MW Unavailable: _____ MW

Work To Be Performed:

Special Conditions:

Emergency Return To Service Time: _____ Hours

WESCO Approval: _____

AES DAILY UNIT AVAILABILITY NOTICE

Generation Date _____ (notice must be sent by 04:30 PPT each day)

Station Alamitos
Unit AL 1

Issued By: _____
Issued At: _____

Unit 100% Available No Restrictions

Hour Ending	Available Output	Minimum Output	AGC Available	AGC Min Limit	AGC Max Limit	Ramp Rate	Comments
	(MW)	(MW) (non AGC)	YES/NO	(MW)	(MW)	MW/Min	
1:00							
2:00							
3:00							
4:00							
5:00							
6:00							
7:00							
8:00							
9:00							
10:00							
11:00							
12:00							
13:00							
14:00							
15:00							
16:00							
17:00							
18:00							
19:00							
20:00							
21:00							
22:00							
23:00							
0:00							

Comments:

AES UNIT STATUS CHANGE NOTICE

Generation Date

Station

Alamogordo

Issued By:

Unit

AL-1

Issued At:

Date and time unit expected to return to normal status

Comments:

Hour Ending	Available Output	Minimum Output	AGC Available	AGC Min Limit	AGC Max Limit	Ramp Rate	Comments
	(MW)	(MW) (non AGC)	YES/NO	(MW)	(MW)	MW/Min	
1:00							
2:00							
3:00							
4:00							
5:00							
6:00							
7:00							
8:00							
9:00							
10:00							
11:00							
12:00							
13:00							
14:00							
15:00							
16:00							
17:00							
18:00							
19:00							
20:00							
21:00							
22:00							
23:00							
0:00							

AES WEEKLY UNIT AVAILABILITY NOTICE

Date _____ (notice to be sent by 4:30 PPT each Monday)

Unit Availability for the week of: _____

Station Alamos Issued By: _____
Unit AL 1 Issued At: _____

Day	Available Output	AGC Available	Comments
	(MW)	YES/NO	
Monday			
Tuesday			
Wednesday			
Thursday			
Friday			
Saturday			
Sunday			

WESCO PREFERRED DAY AHEAD UNIT DISPATCH NOTICE

Generation Date

 (notice must be sent by 14:00 PPT each day)

Station

Alamitos Issued By:

Unit

 Issued At:

Hour Ending	Scheduled Output	AGC Scheduled	AGC Min Limit	AGC Max Limit	Spinning Reserve	Non Spinning	Voltage Support	Comments
	(MW)	YES/NO	(MW)	(MW)	(MW)	(MW)	Yes/No	
1:00								
2:00								
3:00								
4:00								
5:00								
6:00								
7:00								
8:00								
9:00								
10:00								
11:00								
12:00								
13:00								
14:00								
15:00								
16:00								
17:00								
18:00								
19:00								
20:00								
21:00								
22:00								
23:00								
0:00								

Comments:

WESCO FINAL DAY AHEAD UNIT DISPATCH NOTICE

Generation Date

Alamogordo

(notice must be sent by 18:00 PPT each day)

Station

Alamogordo

Issued By:

Unit

Alamogordo

Issued At:

Hour Ending	Scheduled Output	AGC Scheduled	AGC Min Limit	AGC Max Limit	Spinning Reserve	Non Spinning	Voltage Support	Comments
	(MW)	YES/NO	(MW)	(MW)	(MW)	(MW)	Yes/No	
1:00								
2:00								
3:00								
4:00								
5:00								
6:00								
7:00								
8:00								
9:00								
10:00								
11:00								
12:00								
13:00								
14:00								
15:00								
16:00								
17:00								
18:00								
19:00								
20:00								
21:00								
22:00								
23:00								
0:00								

Comments:

WESCO UNIT STATUS CHANGE NOTICE

Generation Date



Station
Unit

Alamitos
AT-1

Issued By:
Issued At:

Changes From Scheduled Delivery are highlighted

Comments:

Hour Ending	Scheduled Output	AGC Scheduled	AGC Min Limit	AGC Max Limit	Comments
	(MW)	YES/NO	(MW)	(MW)	
1:00					
2:00					
3:00					
4:00					
5:00					
6:00					
7:00					
8:00					
9:00					
10:00					
11:00					
12:00					
13:00					
14:00					
15:00					
16:00					
17:00					
18:00					
19:00					
20:00					
21:00					
22:00					
23:00					
0:00					

AES UNIT START-UP NOTICE

Date

[REDACTED]

Station

Alamitos

Issued By: _____

Unit

AL-1

Issued At: _____

Date and Time Fire In Unit

[REDACTED]

Date and Time Unit Synchronized

[REDACTED]

Date and Time Unit Released for dispatch

[REDACTED]

Electric Consumed During Start-Up

[REDACTED]

(MWh)

Fuel Consumed During Start-Up

[REDACTED]

(MMBTUs)



Schedule 10.1 K

AES Alamitos, LLC

Attn: Contact

Address

Address

Phone:

Fax:

REMITTANCE INSTRUCTIONS

Please remit by wire or ACH

For the account of WESCO

FNB-Chicago, Chicago IL

ABA #####

INVOICE

Invoice No: 999999

Invoice Date:

Terms:

Due Date:

For Billing Inquiries, call contact at, ()

8:00 am - 5:00 pm (CST)

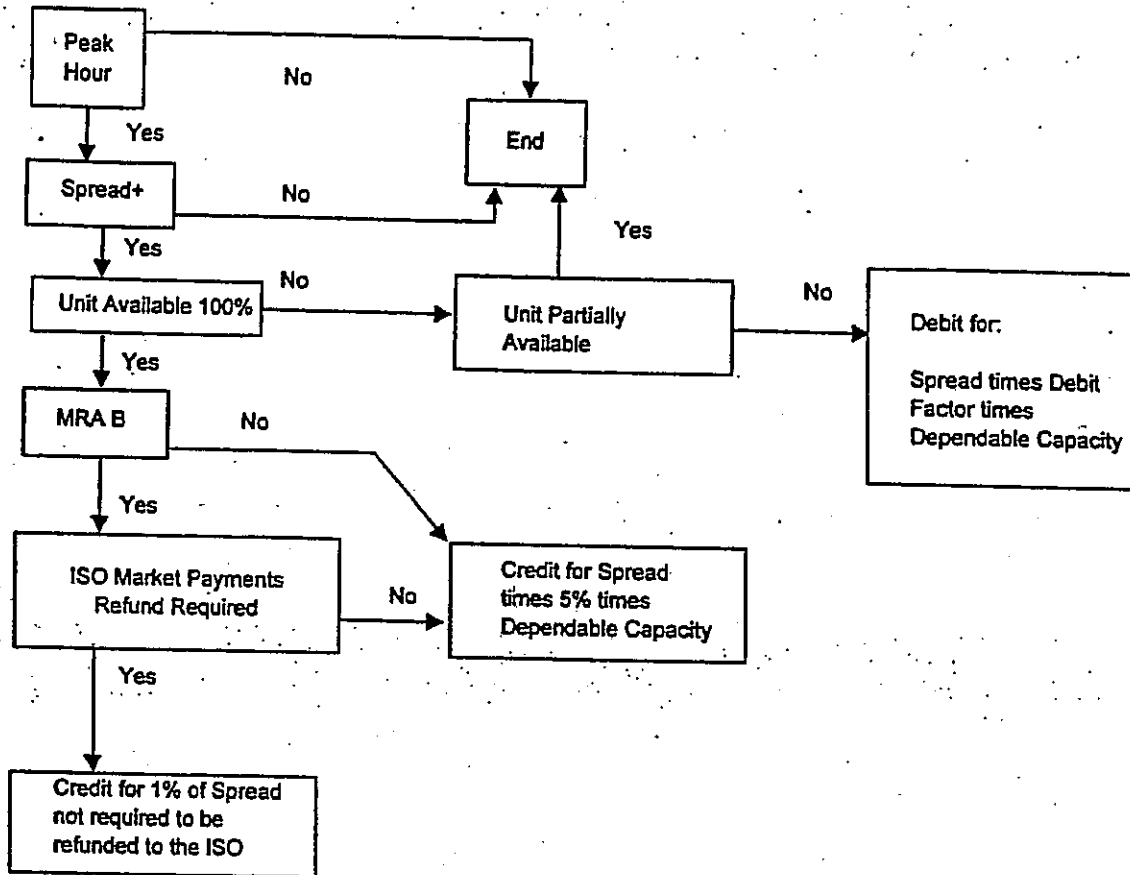
P.O. Box 2848, Tulsa, OK 74101-9587

Trans Date	Deal#	Trans Type	Carrier	Description	Quantity	Unit	Rate	Item Amt
6/98				Variable Payment Market				
6/98				Variable Payment Non Market				
6/98				Ancillary Services Payment				
6/98				Start Up Payments				
6/98				Start Up Heat Rate Adjustment				
6/98				Heat Rate True Up				
6/98				Fixed Payment				
6/98				Availability Bonus				
6/98				Availability Discount				
Invoice Total								\$ 84,837.00
								\$ 84,837.00

Subject to further agreement by the parties

Availability Bonus:

Unit 1



Schedule 10.1

Example Gas Meter Adjustment Calculations

Altamitos Data

Hour	SoCal Gas Units 1,2,3 & 4 (MMBTUs)	SoCal Gas Unit 5 & 6 (MMBTUs)	SoCal Gas Unit 7 (MMBTUs)	Shell Gas Units 1,2,3 & 4 (MMBTUs)	AL 1 Gas (MMBTUs)	AL 2 Gas (MMBTUs)	AL 3 Gas (MMBTUs)	AL 4 Gas (MMBTUs)	AL 5 Gas (MMBTUs)	AL 6 Gas (MMBTUs)	AL 7 Gas (MMBTUs)
1:00	1875.0	4800.0	0.0	0.0	290.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
2:00	1875.0	4800.0	0.0	0.0	280.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
3:00	1875.0	4800.0	0.0	0.0	280.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
4:00	1875.0	4800.0	0.0	0.0	280.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
5:00	1875.0	4800.0	0.0	0.0	290.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
6:00	4897.5	4800.0	0.0	0.0	280.0	0.0	0.0	4807.5	2450.0	2401.0	0.0
7:00	4897.5	4800.0	0.0	0.0	800.0	0.0	0.0	4297.5	2450.0	2450.0	0.0
8:00	4897.5	4800.0	0.0	0.0	1000.0	0.0	0.0	3897.5	2450.0	2523.5	0.0
9:00	4897.5	7831.0	0.0	200.0	1725.0	0.0	0.0	3013.9	2450.0	5481.0	0.0
10:00	4897.5	7830.0	0.0	300.0	1725.0	0.0	0.0	3172.5	3920.0	3910.0	0.0
11:00	4897.5	8130.0	0.0	0.0	1725.0	0.0	0.0	3331.1	4704.0	3426.0	0.0
12:00	4897.5	8130.0	2187.9	0.0	1725.0	0.0	0.0	3158.6	4704.0	3426.0	2194.5
13:00	4897.5	8130.0	2184.6	0.0	1725.0	0.0	0.0	3140.8	4704.0	3428.0	2238.4
14:00	4897.5	8130.0	2181.2	0.0	1725.0	0.0	0.0	3204.2	4704.0	3428.0	2084.8
15:00	4897.5	9216.0	0.0	0.0	1725.0	0.0	0.0	3238.0	4704.0	4512.0	0.0
16:00	4897.5	9216.0	0.0	0.0	1725.0	0.0	0.0	3140.8	4704.0	4512.0	0.0
17:00	4400.0	9216.0	0.0	0.0	800.0	0.0	0.0	3564.0	4704.0	4811.3	0.0
18:00	4300.0	8800.0	0.0	0.0	777.0	0.0	0.0	3470.2	4704.0	4096.0	0.0
19:00	4800.0	9216.0	0.0	0.0	888.0	0.0	0.0	4092.7	4704.0	4512.0	0.0
20:00	3600.0	8800.0	0.0	0.0	850.0	0.0	0.0	2722.5	2940.0	3751.5	0.0
21:00	3100.0	6000.0	0.0	0.0	280.0	0.0	0.0	2781.9	2940.0	3044.7	0.0
22:00	3000.0	5500.0	0.0	0.0	290.0	0.0	0.0	2682.9	2744.0	2756.0	0.0
23:00	1800.0	4800.0	0.0	0.0	280.0	0.0	0.0	1583.9	2450.0	2450.0	0.0
0:00	1875.0	4800.0	0.0	0.0	280.0	0.0	0.0	1589.2	2450.0	2450.0	0.0
Total	90,222.5	181,045.0	6,543.8	500.0	21,393.0	0.0	0.0	68,600.5	81,830.0	79,415.0	6,517.7

Schedule 10.1

Availability Bonus Calculations

Unit	AL 5				MW				Bonus				Consistent				X				X ²				X ³				X ⁴			
	Dependable Capacity	Guaranteed Heat Rate @ UDC	Variable Payment	Actual Start-Up Cost	Debit Factor	Hours Unit Scheduled to Run	UDC (MW)	GUHR (\$/MWh)	VPP (\$/MWh)	PSTP (\$/MWh)	Unit Available (%)	GP (\$/MWh)	WESCOUL (\$/MWh)	ACTUALUL (\$/MWh)	UHRWD (\$/MWh)	MRA A Load (\$/MWh)	MRA B Load (\$/MWh)	MRA B refunded (year, no=0)	AUGC (\$)	PXCP (\$/MWh)	Peak Month Peak Hour (year, no=0)	Spread (\$/MWh)	Pool Bonus (\$)	Pool Debt (\$)								
5/1/98 100	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$17,275	0	0.00	\$0.00	\$0.00								
5/1/98 200	480	9,373	\$2.00	0.56	100%	130	130	11,503	0	0	0	0	0	0	0	0	0	0	\$3,048.23	\$16,928	0	0.00	\$0.00	\$0.00								
5/1/98 300	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$16,928	0	0.00	\$0.00	\$0.00								
5/1/98 400	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$16,928	0	0.00	\$0.00	\$0.00								
5/1/98 500	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$17,370	0	0.00	\$0.00	\$0.00								
5/1/98 600	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$22,947	1	(0.05)	\$0.00	\$0.00								
5/1/98 700	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$24,793	1	(1.20)	\$0.00	\$0.00								
5/1/98 800	480	9,373	\$2.00	0.56	100%	250	250	10,008	0	0	0	0	0	0	0	0	0	0	\$5,858.13	\$25,953	1	(0.04)	\$0.00	\$0.00								
5/1/98 900	480	9,373	\$2.00	0.56	100%	250	250	10,008	0	0	0	0	0	0	0	0	0	0	\$5,858.13	\$26,127	1	0.13	\$3.13	\$0.00								
5/1/98 1000	480	9,373	\$2.00	0.56	100%	350	350	9,999	0	0	0	0	0	0	0	0	0	0	\$8,201.38	\$26,213	1	0.22	\$5.19	\$0.00								
5/1/98 1100	480	9,373	\$2.00	0.56	100%	480	480	9,373	0	0	0	0	0	0	0	0	0	0	\$11,247.60	\$26,455	1	0.46	\$11.02	\$0.00								
5/1/98 1200	480	9,373	\$2.00	0.56	95%	480	480	9,373	0	0	0	0	0	0	0	0	0	0	\$11,247.60	\$26,459	1	0.12	\$2.93	\$0.00								
5/1/98 1300	480	9,373	\$2.00	0.56	100%	480	480	9,373	0	0	0	0	0	0	0	0	0	0	\$11,247.60	\$25,783	1	(0.20)	\$0.00	\$0.00								
5/1/98 1400	480	9,373	\$2.00	0.56	100%	480	480	9,373	0	0	0	0	0	0	0	0	0	0	\$11,247.60	\$25,644	1	(0.35)	\$0.00	\$0.00								
5/1/98 1500	480	9,373	\$2.00	0.56	100%	320	320	9,688	0	0	0	0	0	0	0	0	0	0	\$7,486.40	\$25,309	1	(0.69)	\$0.00	\$0.00								
5/1/98 1600	480	9,373	\$2.00	0.56	100%	250	250	10,008	0	0	0	0	0	0	0	0	0	0	\$5,858.13	\$25,202	1	(0.73)	\$0.00	\$0.00								
5/1/98 1700	480	9,373	\$2.00	0.56	100%	250	250	10,008	0	0	0	0	0	0	0	0	0	0	\$5,858.13	\$25,475	1	(0.52)	\$0.00	\$0.00								
5/1/98 1800	480	9,373	\$2.00	0.56	100%	250	250	10,008	0	0	0	0	0	0	0	0	0	0	\$5,858.13	\$26,831	1	0.83	\$20.02	\$0.00								
5/1/98 1900	480	9,373	\$2.00	0.56	100%	250	250	10,008	0	0	0	0	0	0	0	0	0	0	\$5,858.13	\$26,784	1	0.77	\$18.41	\$0.00								
5/1/98 2000	480	9,373	\$2.00	0.56	100%	250	250	10,008	0	0	0	0	0	0	0	0	0	0	\$5,858.13	\$26,223	1	0.23	\$5.43	\$0.00								
5/1/98 2100	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$26,207	1	(0.79)	\$0.00	\$0.00								
5/1/98 2200	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$24,178	0	0.00	\$0.00	\$0.00								
5/1/98 2300	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$26,350	0	0.00	\$0.00	\$0.00								
5/2/98 0:00	480	9,373	\$2.00	0.56	100%	70	70	13,506	0	0	0	0	0	0	0	0	0	0	\$1,640.28	\$26,350	0	0.00	\$0.00	\$0.00								

Where

UDC= Unit Dependable Capacity
 GUHR= Guaranteed Unit Heat Rate
 VPP= Variable Payment
 PSTP= Promoted Start-Up Payment
 GP= Delivered Gas Price
 WESCOUL= WESCO Dispatched Unit Load
 ACTUALUL= Actual Unit Load
 UHRWD= Unit Heat Rate at WESCO Dispatch Load
 AUGC= Actual Unit Gas Cost
 PXCP= PX Clearing Price

Notes:

1. The prorated start-up payment will be calculated based on expected start-up costs.

Schedule 10.1

Calculation of The Non Availability Discount Factor

Assume

Contract Signed June 1

Unit Dependable capacity is

Fixed Payment is

Unit Guaranteed Availability

Calculate Non Availability Discount

NAD= $FPAY/12 \cdot UDC \cdot 1000 \cdot SF \cdot AS$

Where

FPAY= Unit Fixed Payment

YTDUA= Year-To-Date Unit Availability

UDC= Unit Dependable Capacity

SF= Shortfall Factor

UGA= Unit Guaranteed Availability

480 MW

\$38 per KW year

86.0%

	June	July	August	September	October	November	December	January	February	March	April	May	YTD
UGA	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%
Availability	480	480	480	480	480	480	480	480	480	480	480	480	480
FPAY	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0
YTDUA	1	2	3	4	5	6	7	8	9	10	11	12	
UDC	480	480	480	480	480	480	480	480	480	480	480	480	480
YTDUA	43%	65%	72%	78%	79%	81%	82%	72%	75%	76%	77%	78%	77.92%
AS	50.00%	25.00%	18.28%	11.63%	8.80%	6.40%	4.85%	16.57%	12.92%	11.83%	10.47%	9.40%	8.40%
SF	2.00	1.50	1.34	1.03	0.78	0.69	0.50	1.35	1.06	1.03	1.01	0.78	0.78
NAD YTD	\$1,520,000	\$670,000	\$332,808	\$182,499	\$99,158	\$67,255	\$35,349	\$339,846	\$207,851	\$182,499	\$180,549	\$111,720	\$1,340,635
Non Avail. Discount	\$1,620,000	\$380,000	\$142,178	\$87,829	\$43,420	\$29,268	\$16,080	\$2,489,723	\$846,508	\$58,670	\$58,942	\$425,409	\$1,340,635
Capacity Payment	\$0	\$1,900,000	\$1,982,178	\$1,787,829	\$1,764,207	\$1,612,268	\$1,676,080	\$949,723	\$2,386,508	\$1,585,670	\$1,678,942	\$1,946,409	\$16,399,386

Schedule 10.1*

Spread

$$\text{Spread} = \text{PXCP} - (\text{VPP} + (\text{GUHR} + \text{PSTP}) \cdot \text{GP} / 1000)$$

Where;

PXCP=Initial Day Ahead California PX Unconstrained Clearing Price (\$/MWH)

VPP=Variable Payment Price (\$/MWH)

GUHR=Guaranteed Unit heat rate at the dependable capacity (BTU/KWh) per Schedule 7

PSTP= Prorated Start-up payment (\$)

GP=Hourly Gas Price (\$/MMBTU)

Heat Rate True Up

$$\text{HRTUP} = \text{Actual Gas Cost} - \text{Guaranteed Gas Cost}$$

Where;

Actual Gas Cost = Adjusted Unit Hourly Gas Consumption (MMBTU) * Hourly Gas Price (\$/MMBTU)

Guaranteed Gas Cost = (Guaranteed Unit Heat Rate at WESCO Unit Dispatch Load (BTU/KWh) *
Actual Unit output (MWh) * Hourly Gas Price (\$/MMBTU) / 1000)

Notes;

1. If HRTUP is negative, WESCO will credit AES, if HRTUP is positive, AES will pay WESCO HRTUP for the applicable hour.
2. Adjusted unit hourly gas consumption is calculated from the Unit gas meters and adjusted to the Revenue meters.

* Subject to further agreement by the parties

Schedule 13.1
Environmental Matters

None

Schedule 13.1(g)

Exceptions to the representations and warranties set forth in Section 13.1(g) are made for the state of facts identified in the environmental reports delivered to WESCO and referred to below; provided, however, that the inclusion of any such matters in this Schedule 13.1(g) shall not relieve the AES Subsidiaries of any obligation they may have to indemnify WESCO or any of the Indemnified Parties with respect to such matters pursuant to Section 15.2 of the Agreement:

1. Phase 1 Environmental Site Assessment
Huntington Beach Generating Station
Dated: May 1997
Submitted to: Southern California Edison Company
Prepared by: CH2M Hill
Revision: Final
2. Phase 1 Environmental Site Assessment
Redondo Beach Generating Station
Dated: May 1997
Submitted to: Southern California Edison Company
Prepared by: CH2M Hill
Revision: Final
3. Phase 1 Environmental Site Assessment
Alamitos Generating Station
Dated: May 1997
Submitted to: Southern California Edison Company
Prepared by: CH2M Hill
Revision: Final
4. Phase II Environmental Site Assessment
Huntington Beach Generating Station
Dated: June 1997
Submitted to: Southern California Edison Company
Prepared by: CH2M Hill
Revision: Final

5. Phase II Environmental Site Assessment
Redondo Beach Generating Station
Dated: June 1997
Submitted to: Southern California Edison Company
Prepared by: CH2M Hill
Revision: Final
6. Phase II Environmental Site Assessment
Alamitos Generating Station
Dated: June 1997
Submitted to: Southern California Edison Company
Prepared by: CH2M Hill
Revision: Final
7. Draft Site Investigation Report for Soil and Groundwater -
Redondo Beach Generating Station, Redondo Beach, California
Dated: April 1998
Prepared by: Woodward - Clyde
8. Draft Site Investigation Report for Soil and Groundwater -
Alamitos Generating Station, Long Beach, California
Dated: April 1998
Prepared by: Woodward - Clyde
9. Draft Site Investigation Report for Soil and Groundwater -
Huntington Beach Generating Station, Huntington Beach, California
Dated: April 1998
Prepared by: Woodward - Clyde

SCHEDULE 16 Capacity Sale and Tolling Agreement between AES and WESCO

- (A) AES Subsidiaries shall purchase and maintain All Risk Insurance including the perils of flood and earthquake covering all property, material and equipment, while in transit, during loading and unloading, while in storage, while at another location for repair and during installation in an amount not less than \$250,000,000, per occurrence combined limit for property damage and business interruption. Perils of earthquake and flood will contain annual aggregates of \$100,000,000. for earthquake and \$250,000,000. for flood. This insurance shall include the interests of the AES Subsidiaries, operator and WESCO.
- (B) Worker's Compensation insurance complying with the laws of the State or States having jurisdiction over each employee, and Employer's Liability with limits of \$1,000,000 each accident, \$1,000,000 disease each employee, and \$1,000,000 disease policy limit.
- (C) Commercial or Comprehensive General Liability insurance on an occurrence form with a combined single limit of \$1,000,000 each occurrence, and annual aggregates of \$1,000,000, for bodily injury and property damage, including coverage for blanket contractual liability, broad form property damage, personal injury liability, independent contractors, products/completed operations, sudden and accidental pollution liability and the explosion, collapse and underground exclusion will be deleted.
- (D) Automobile Liability insurance with a combined single limit of \$1,000,000 each occurrence for bodily injury and property damage to include coverage for all owned, non-owned, and hired vehicles.
- (E) Excess or Umbrella Liability insurance with a combined single limit of \$25,000,000 each occurrence, and annual aggregates of \$25,000,000 for bodily injury and property damage covering excess of Employers Liability and the insurance described in (B) and (C) above.

Irrespective of the insurance requirements above, the insolvency, bankruptcy, or failure of any such insurance company providing insurance for AES Subsidiaries, or the failure of any such insurance company to pay claims that occur will not be held to waive any of the provisions hereof.

In the event any Lender requires higher limits, broader coverage or lower retentions WESCO will also receive the benefit of such insurance coverages.

SCHEDULE 19.1

CORPORATE GUARANTEE

GUARANTEE (this "Guarantee"), dated as of May 1, 1998, by **WILLIAMS HOLDINGS OF DELAWARE, INC.**, a Delaware corporation (the "Guarantor"), in favor of Credit Suisse First Boston, New York Branch, as Agent and Collateral Agent (the "Counterparty") under that certain Credit Agreement, dated as of May __, 1998, as amended, modified or supplemented from time to time (the "Credit Agreement"), among AES Alamos, L.L.C., a Delaware limited liability company, AES Huntington Beach, L.L.C., a Delaware limited liability company, and AES Redondo Beach, L.L.C., a Delaware limited liability company (collectively, the "AES Subsidiaries") and the Counterparty.

1. **Guarantee.** For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor unconditionally and irrevocably guarantees the prompt payment and performance when due of all present and future obligations of Williams Energy Services Company, a Delaware corporation and a subsidiary of the Guarantor (the "Company"), (i) to make Fixed Payments pursuant to and as defined in that certain Capacity Sale and Tolling Agreement dated as of May __, 1998 between the Company and the AES Subsidiaries (the "Tolling Agreement") or (ii) otherwise arising in respect of the Company's obligation to make Fixed Payments under the Tolling Agreement, together with reasonable expenses (including reasonable attorneys' fees and expenses) incurred by the Counterparty in enforcing this Guarantee (the "Obligations"). The Guarantor agrees, that upon the failure of the Company to pay any of the Obligations when they become due, the Guarantor will pay, or cause to be paid, any and all such unpaid Obligations.

2. **Maximum Guaranteed Amount.**

(a) The aggregate liability of the Guarantor under this Guarantee and the Counterparty's right of recovery hereunder is limited to a total aggregate amount of \$1.05 billion (\$1,050,000,000.00), as reduced from time to time as provided for in the following paragraph (the "Guarantee Cap").

(b) The Guarantee Cap shall in each semi-annual period reduce by the sum of (i) the proportion of the amount set forth in Exhibit A hereto and corresponding to such semi-annual period that the amount of Fixed Payments for such semiannual period actually paid by WESCO under the Tolling Agreement bears to the amount of Fixed Payments due and payable for such semiannual period and (ii) the amount paid by the Guarantor in such semiannual period pursuant to the demand of or legal action by the Counterparty. Each reduction in the Guarantee Cap shall be automatic and without further action on the part of any party.

3. **Nature of Guarantee.** The Guarantor's obligations hereunder with respect to the Obligations shall not be affected by the existence, validity, enforceability, perfection, or extent of any collateral for the Obligations. The Counterparty shall not be obligated to file any claim

relating to the Obligations owing to them in the event that the Company becomes subject to a bankruptcy, reorganization or similar proceeding and the failure of the Counterparty to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to the Counterparty in respect to the Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder in respect to such Obligations as if such payment had not been made. The Guarantor reserves the right to assert defenses which the Company may have to payment of any Obligation other than defenses arising from the bankruptcy or insolvency of the Company and other defenses expressly waived hereby.

4. **Consents, Waivers and Renewals.** The Guarantor agrees that the AES Subsidiaries and the Company may mutually agree to modify, compromise, rescind or release the Obligations and any security therefor or any agreement between the AES Subsidiaries and the Company in accordance with the Tolling Agreement, without in any way impairing or affecting this Guarantee; provided, however, no action taken pursuant to this Section 4 shall be construed to increase the amount of the Guarantee Cap. The Guarantor agrees that the Counterparty may resort to the Guarantor for payment of any of the Obligations, whether or not the Counterparty shall have resorted to any collateral security or shall have proceeded against any other obligor principally or secondarily obligated with respect to the Obligations. The Guarantor hereby waives notice of acceptance of this Guarantee, and presentment, protest and notice of protest or dishonor of any of the obligations hereby guaranteed.

5. **Subrogation.** Upon payment of all the Obligations, the Guarantor shall be subrogated to the rights of the AES Subsidiaries against the Company, and the AES Subsidiaries agree to take, at the Guarantor's expense, such steps as the Guarantor may reasonably request to implement such subrogation.

6. **Address for Notices.** Any notice, request, consent, waiver or other communication required or permitted hereunder shall be effective only if it is in writing and personally delivered or sent by certified or registered mail, postage prepaid, or by nationally recognized overnight courier, addressed as set forth below:

If to the Guarantor:

Williams Holdings of Delaware, Inc.
One Williams Center
Tulsa, Oklahoma 74172
Attention: Credit Manager
Telephone: (918) 588-3792
Facsimile: (918) 561-6987

If to the Counterparty:

Credit Suisse First Boston,
New York Branch
Eleven Madison Avenue
New York, NY 10010
Attention:
Telephone:
Facsimile:

copy to:

The AES Corporation
1001 North 19th Street
Arlington, VA 22209
Attention: General Counsel
Telephone: 703/522-1315
Facsimile: 703/528-4810

or to such other person or address as the addressee may have specified in a notice duly given to the sender as provided herein. Such notice or communication shall be deemed to have been given as of the date received by the recipient thereof.

7. Submission to Jurisdiction. Each of the Counterparty and the Guarantor hereby irrevocably and unconditionally:

- (a) submits for itself and its property in any legal action or proceeding relating to this Guarantee, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of the Southern District of New York, and appellate courts from any thereof;
- (b) consents and agrees that any such action or proceeding may be brought in and only in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;
- (c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to its address set forth in Section 6, or at such other address of which the other party shall have been notified pursuant thereto; and
- (d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law.

8. Assignment; Termination; Governing Law. This Guarantee may be assigned by the Guarantor only as permitted under the Tolling Agreement. This Guarantee, which is binding

on the Guarantor's successors and permitted assigns, is a guarantee of payment and not of collection and shall be construed in accordance with the laws of the State of New York, without regard to its conflict of laws provisions. This Guarantee shall inure to the benefit of and be enforceable by the Counterparty and its successors, transferees and permitted assigns. Subject to the terms, conditions and limitations hereof, this Guarantee is a continuing guarantee which shall remain in force until full and final payment of all of the Obligations.

WILLIAMS HOLDINGS OF DELAWARE, INC.

By: _____
Name: _____
Title: _____

Accepted and agreed as of
the date first above written:

**CREDIT SUISSE FIRST BOSTON
NEW YORK BRANCH**

By: _____
Name: _____
Title: _____

Exhibit A

Williams Holding, Inc. Guarantee Cap Schedule

Contract Year	Guarantee Cap Reduction Schedule *	
	First Six Months	Second Six Months
1	\$1,050,000,000	\$1,039,875,608
2	\$1,029,746,357	\$1,019,126,315
3	\$1,008,506,274	\$999,706,934
4	\$990,907,594	\$981,014,614
5	\$971,121,635	\$960,526,623
6	\$949,931,611	\$937,131,429
7	\$924,331,246	\$911,656,569
8	\$898,981,891	\$882,459,103
9	\$865,936,316	\$848,928,200
10	\$831,920,084	\$812,812,777
11	\$793,705,470	\$777,959,070
12	\$762,212,669	\$744,671,925
13	\$727,131,180	\$703,090,501
14	\$679,049,821	\$648,036,790
15	\$617,023,758	\$583,472,026
16	\$549,920,294	\$520,627,536
17	\$491,334,778	\$460,165,862
18	\$428,996,946	\$392,380,181
19	\$355,763,416	\$238,334,581
20	\$120,905,745	\$60,452,873

* To be adjusted at closing to reflect actual principal amortization schedule.

SCHEDULE 19.2

CORPORATE GUARANTEE

GUARANTEE (this "Guarantee"), dated as of May __, 1998, by THE AES CORPORATION, a Delaware corporation (the "Guarantor"), in favor of Williams Energy Services Company, a Delaware corporation (the "Company").

1. **Guarantee.** For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce the Company to enter into that certain Capacity and Sales and Tolling Agreement, dated as of May 1, 1998 (the "Tolling Agreement"), with AES Alamitos, L.L.C., a Delaware limited liability company, AES Huntington Beach, L.L.C., a Delaware limited liability company and AES Redondo Beach, L.L.C., a Delaware limited liability company, each a subsidiary of the Guarantor (collectively, the "AES Subsidiaries"), the Guarantor unconditionally and irrevocably guarantees the prompt payment and performance when due of all present and future obligations of the AES Subsidiaries pursuant to the Tolling Agreement or otherwise arising in respect of the Company's obligations under the Tolling Agreement, together with reasonable expenses (including reasonable attorney's fees and expenses) incurred by the Company in enforcing this Guarantee (collectively, the "Obligations").

2. **Maximum Guaranteed Amount.**

The aggregate liability of the Guarantor under this Guarantee and the Company's right of recovery hereunder is limited to a total aggregate amount of \$100 million (\$100,000,000.00) (the "Guarantee Cap").

3. **Nature of Guarantee.** The Guarantor's obligations hereunder with respect to the Obligations shall not be affected by the existence, validity, enforceability, perfection, or extent of any collateral for the Obligations. The Company shall not be obligated to file any claim relating to the Obligations owing to them in the event that the AES Subsidiaries become subject to a bankruptcy, reorganization or similar proceeding and the failure of the Company to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to the Company in respect to the Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder in respect to such Obligations as if such payment had not been made. The Guarantor reserves the right to assert defenses which the AES Subsidiaries may have to payment of any Obligation other than defenses arising from the bankruptcy or insolvency of the AES Subsidiaries and other defenses expressly waived hereby.

4. **Consents, Waivers and Renewals.** The Guarantor agrees that the AES Subsidiaries and the Company may mutually agree to modify, compromise, rescind or release the Obligations and any security therefor or any agreement between the AES Subsidiaries and the Company in accordance with the Tolling Agreement, without in any way impairing or affecting this Guarantee; provided, however, no action taken pursuant to this Section 4 shall be construed

to increase the amount of the Guarantee Cap. The Guarantor agrees that the Company may resort to the Guarantor for payment of any of the Obligations, whether or not the Company shall have resorted to any collateral security or shall have proceeded against any other obligor principally or secondarily obligated with respect to the Obligations. The Guarantor hereby waives notice of acceptance of this Guarantee, and presentment, protest and notice of protest or dishonor of any of the obligations hereby guaranteed.

5. Subrogation. Upon payment of all the Obligations, the Guarantor shall be subrogated to the rights of the Company against the AES Subsidiaries, and the Company agrees to take, at the Guarantor's expense, such steps as the Guarantor may reasonably request to implement such subrogation.

6. Address for Notices. Any notice, request, consent, waiver or other communication required or permitted hereunder shall be effective only if it is in writing and personally delivered or sent by certified or registered mail, postage prepaid, or by nationally recognized overnight courier, addressed as set forth below:

If to the Guarantor:

The AES Corporation
1001 North 19th Street
Arlington, Virginia 22209
Attention: General Counsel
Telephone: (703) 522-1315
Facsimile: (703) 528-4510

If to the Company:

Williams Energy Service Company
One Williams Center
Tulsa, Oklahoma 74172
Attention: Credit Manager
Telephone: (918) 588-3792
Facsimile: (918) 561-6987

or to such other person or address as the addressee may have specified in a notice duly given to the sender as provided herein. Such notice or communication shall be deemed to have been given as of the date received by the recipient thereof.

7. Submission to Jurisdiction. Each of Guarantor and the Company hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Guarantee, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of the Southern District of New York, and appellate courts from any thereof,

(b) consents and agrees that any such action or proceeding may be brought in and only in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to its address set forth in Section 6, or at such other address of which the other party shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law.

8. Assignment; Termination; Governing Law. This Guarantee may be assigned by the Guarantor only as permitted under the Tolling Agreement. This Guarantee, which is binding on the Guarantor's successors and permitted assigns, is a guarantee of payment and not of collection and shall be construed in accordance with the laws of the State of New York, without regard to its conflict of laws provisions. This Guarantee shall inure to the benefit of and be enforceable by the Company and its successors, transferees and permitted assigns. Subject to the terms, conditions and limitations hereof, this Guarantee is a continuing guarantee which shall remain in force until full and final payment of all of the Obligations.

THE AES CORPORATION

By: _____
Name: _____
Title: _____

Accepted and agreed as of
the date first above written:

WILLIAMS ENERGY SERVICES COMPANY

By: _____
Name: _____
Title: _____

AGREEMENT

THIS AGREEMENT (this "Agreement"), made and entered into as of this 1st day of May, 1998, by and among AES Alamitos, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware, AES Huntington Beach, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware, and AES Redondo Beach, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware (collectively, the "AES Subsidiaries"), on the one hand, and Williams Energy Services Company, a corporation organized and existing under the laws of the State of Delaware ("WESCO"), on the other (each of (a) the AES Subsidiaries and (b) WESCO are hereinafter sometimes referred to as a "Party" and sometimes collectively referred to as the "Parties").

WHEREAS, the Parties have entered into that certain Capacity Sale and Tolling Agreement, dated as of the date hereof (the "Tolling Agreement;" all capitalized terms used in this Agreement that are not defined herein have the meanings given in the Tolling Agreement);

WHEREAS, each Party acknowledges that additions of Capacity at the Facilities or within the region surrounding the Facilities could have an adverse effect on the economic benefit to be derived by the other from the Facilities; and

WHEREAS, the Parties acknowledge that their actions with respect to and in connection with the Tolling Agreement will be, in certain respects (including particularly, but not limited to, assignment of the MRAs to WESCO and subsequent sales of Capacity and Ancillary Services by WESCO), subject to regulatory approval by FERC.

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I TERM

1.1 The term of this Agreement shall commence on the Effective Date and continue for the Term, unless the Tolling Agreement shall be earlier terminated, in which case this Agreement shall automatically terminate and neither WESCO nor the AES Subsidiaries shall have any further liability or obligation to the other hereunder, except for obligations or duties that accrued prior to such termination.

ARTICLE II DEPENDABLE CAPACITY ADDITIONS AND REDUCTIONS

2.1 AES Additions. Subject to the provisions of Section 2.3, neither the AES Subsidiaries nor any of their respective Affiliates (including The AES Corporation ("AES")) will add Capacity to the Facilities or acquire, construct, own, lease or operate, directly or indirectly, any assets with generating Capacity (a) within the service area on the load side of Edison's Del Amo, Serrano and Santiago substations except (A) with the consent of WESCO, which may be withheld in WESCO's sole and absolute discretion if such additional Capacity would have an adverse effect on the economic benefit (including cashflow and profit) to be derived by WESCO from the Facilities or on the ISO's designation of the Facilities as must-run or (B) as permitted in respect of existing Units pursuant to the provisions of Section 4.1 of the Tolling Agreement and Section 2.5 hereof; or (b) within the service area on the Los Angeles load side of Edison's Sylmar, Renaldi, Vincent, Lugo, Devers and San Onofre substations (including at the nuclear plant located at San Onofre) (which service area's current configuration is shown on Schedule 2.1 and which service area excludes the service area described in clause (a)(ii) of this Section), without first complying with the provisions of Section 2.4 hereof.

2.2 WESCO Additions. Subject to the provisions of Section 2.3, except with respect to Capacity additions which individually are equal to, or less than, one megawatt of Capacity, neither WESCO nor any of its Affiliates will acquire, construct, own, lease or operate, directly or indirectly, any assets with generating Capacity (a) within the service area on the load side of Edison's Del Amo, Serrano and Santiago substations except (A) with the consent of the AES Subsidiaries, which may be withheld in their sole and absolute discretion if such additional Capacity would have an adverse effect on the economic benefit (including cashflow and profit) to be derived by the AES Subsidiaries from the Facilities or (B) as permitted in respect of existing Units pursuant to Section 2.5 hereof; or (b) within the service area on the Los Angeles load side of Edison's Sylmar, Renaldi, Vincent, Lugo, Devers and San Onofre substations (including at the nuclear plant located at San Onofre), which service area's current configuration is shown on Schedule 2.1) (and which service area excludes the service area described in clause (a) of this Section), without first complying with the provisions of Section 2.4 hereof.

2.3 Carve-outs. The AES Subsidiaries may at their sole option elect not to comply with the provisions of Section 2.1(b) in respect of any proposed Capacity additions at the Placerita generating station, and in each such case WESCO, as a result, automatically and without further action by either Party, shall be entitled at its sole option to elect not to comply with the provisions of Section 2.2(b) to the extent of any assets with generating Capacity not exceeding the total generating Capacity of the additions the AES Subsidiaries or an Affiliate thereof shall have made pursuant to an election under this Section 2.3.

2.4 Right of First Offer. Prior to entering into any arrangement relating to the addition of Capacity described in Sections 2.1(b) and 2.2(b), any Party hereto (or any Affiliate thereof) proposing to enter into such arrangement (the "Offeror") shall offer to enter into such arrangement with the other Party (the "Offeree") by providing to the Offeree a Notice (the "Offer") setting forth (i) all material terms of such proposed arrangement, including without limitation the amount of Capacity which is proposed to be added, the locations where such

Capacity is proposed to be added, the anticipated dates of commencement and of completion of the project, the anticipated cost of the project and proposed financing arrangements, and project pro forma financial statements and statements of cashflow, (ii) all material terms of the arrangement pursuant to which the Offeree may participate in the ownership of, the purchase or sale of electricity from, or the fuel conversion services related to the Capacity addition, and (iii) the identity of all Persons participating or intending to participate in the project in a material manner. Within 30 days of receipt of such Notice, the Offeree may elect by Notice (the "Acceptance") to the Offeror to enter into such arrangement with the Offeror. Should the Offeree not give such Notice within such 30 day period or should the Parties fail to execute a definitive agreement within 90 days of the effective date of such Notice to the Offeror, the Offeror (other than if due to the lack of diligence or good faith of the Offeror) shall be free for a period of 180 days after the end of such 30 day or 90 day period, whichever is applicable, to enter into an arrangement with a third party; provided, however, that the Offeror may not enter into any arrangement (i) on more favorable economic terms to the third party or (ii) noneconomic terms materially more favorable to the third party from those contained in the Offer or after such 180 days shall have expired without again complying with the provisions of this Section 2.4.

2.5 Options for Improvements. (a) Negotiated Option. From time to time, by delivering a Notice to the other Party (an "Improvement Notice") either WESCO or the AES Subsidiaries may exercise an option to initiate negotiations between them for an arrangement that will make available to WESCO the benefits of reduced heat rate in the MW increments contemplated in Schedule 2.5 (a) (an "Improvement"), in exchange for an incremental increase of the aggregate Fixed Payments associated with such MW increments. Such Improvement Notice will set forth the specific Improvement set forth in Schedule 2.5 (a) to be negotiated and all material terms of such proposed Improvement, including the incremental increase of the Fixed Payments. The Parties shall negotiate in good faith to execute definitive agreements with respect to such proposed Improvement within 90 days of the effective date of such Improvement Notice. If by the end of such 90-day period the Parties have not executed such definitive agreements, (i) the AES Subsidiaries may implement the Improvement at their own cost (and with financing arranged by them) without requiring any modification of the Tolling Agreement, and any such Improvement, if implemented, shall no longer be subject to this Section 2.5, or (ii) if the AES Subsidiaries do not elect to proceed pursuant to the preceding clause (i), then at the option of WESCO the provisions of Section 2.5 (b) (Structured Option) shall apply.

(b) Structured Option. If pursuant to Section 2.5 (a) WESCO exercises its option for this Section 2.5 (b) to apply, it shall do so by delivering to the AES Subsidiaries an amended Improvement Notice which will set forth the following material terms:

(i) the amount, which WESCO shall pay to the AES Subsidiaries, that equals the sum of (A) the outstanding portion of the debt (as determined under the applicable financing documents) associated with the component of the Improvement to be removed from the Tolling Agreement (without taking into account, however, any additional debt the result of permitted refinancing), plus any costs that would result from the prepayment of such portion of debt, including costs of breakage and acceleration of decommissioning costs, plus (B) an amount equal to the equity and return on equity attributed to the removed component of the Improvement and determined pursuant to Schedule 2.5 (b),

(ii) the material modifications to the Tolling Agreement and the Williams Holding Guarantee reflecting the removed MW increment of the Improvement and the reduced associated debt, provided, that at the option of WESCO the effectiveness of such modifications, removal and reduction of debt shall be deferred to the extent practicable until the benefits of the Improvement become available to WESCO, and

(iii) the material terms of a new tolling agreement between WESCO and an Affiliate of the AES Subsidiaries (where practicable, substantially similar in form to the Tolling Agreement and subject to a guarantee by Williams Holdings substantially in the form of the Williams Holdings Guarantee), providing for fixed payments sufficient to permit such Affiliate to finance on a stand-alone non-recourse project finance basis 90% of the total cost of the Improvement with senior debt with a term of 15 years or longer and a projected average annual debt service coverage ratio of 1.3 or higher (based on pro formas of the providers of such debt).

Upon receipt of such amended Improvement Notice, the AES Subsidiaries (and, to the extent appropriate, the aforesaid Affiliate) shall in good faith proceed to use all reasonable efforts to implement the Improvement in conformity with the aforesaid terms, including proceeding to initiate and complete any relevant permitting process and acquisition of financing. Notwithstanding the foregoing, either of WESCO or the AES Subsidiaries may cease any and all efforts to implement the Improvement (i) if it is impracticable to complete the implementation of the Improvement or (ii) for any other reason. Upon any such cessation by the AES Subsidiaries, at the option of WESCO the provisions of either Section 2.5 (c) (WESCO Financed Option), if available, or Section 2.5 (d) (WESCO Buy-Out Option) shall apply. Upon any such cessation by WESCO (x) other than for reasons of impracticability, the provisions of Section 2.5 (e) (Reimbursement) only shall apply as to such Improvement, and (y) for reasons of impracticability, at the option of WESCO the provisions of Section 2.5 (d) (WESCO Buy-Out Option) shall apply.

(c) WESCO Financed Option. If pursuant to Section 2.5 (b) (Structured Option) WESCO exercises its option for this Section 2.5 (c) to apply, it may do so at any time up to December 31, 2008 by delivering to the AES Subsidiaries a notice that WESCO will finance the proposed Improvement (a "WESCO Financed Option Notice") which will set forth the following material terms:

(i) the amount referred to in Section 2.5 (b) (i),

(ii) the material modifications referred to in Section 2.5 (b) (ii), and

(iii) (A) if an Affiliate of the AES Subsidiaries is to own the Improvement, the material terms of (I) the new tolling agreement for the Improvement (but with a term not exceeding the greater of 15 years or the remaining term of the Tolling Agreement) and (II) the related financing referred to in Section 2.5 (b) (iii), except that financing meeting the parameters set forth therein (but with a term no greater than that of the tolling agreement) shall be provided by a creditworthy Affiliate of WESCO on commercially reasonable terms, or (B) if WESCO is to own the Improvement, (I) the material terms

pursuant to which the AES Subsidiaries would participate as a developer/turnkey contractor/ operator/and ground lessor for the Improvement, all on market-based compensation terms, but not as an owner thereof, and (II) the right of the AES Subsidiaries at the expiration of the term of the Tolling Agreement (as and if that term is extended from 15 to 20 years) to buy the Improvement for a price determined in a manner consistent with the principles for making the determination made in Section 2.5(b)(i).

Upon receipt of a WESCO Financed Option Notice, the AES Subsidiaries (and, to the extent appropriate, the aforesaid Affiliate thereof) and WESCO shall in good faith proceed to use all reasonable efforts to implement the Improvement in conformity with the aforesaid terms. Notwithstanding the foregoing, WESCO may cease any and all efforts to implement the Improvement for any reason, and the AES Subsidiaries may similarly cease such efforts if it is impracticable to complete the implementation of the Improvement. Upon any such cessation, at the option of WESCO the provisions of Section 2.5 (d) (WESCO Buy-Out Option) shall apply.

(d) WESCO Buy-Out Option. If pursuant to Section 2.5 (b) (Structured Option) or Section 2.5 (c) (WESCO Financed Option) WESCO exercises its option for this Section 2.5 (d) to apply, then WESCO may do so by delivering to the AES Subsidiaries a Notice (a "WESCO Buy-Out Notice") which will set forth the specific Improvement to be removed from the Tolling Agreement and the following material terms: (i) the amount referred to in Section 2.5 (b) (i), and (ii) the material modifications referred to in Section 2.5 (b) (ii).

(e) Reimbursement. WESCO shall reimburse the AES Subsidiaries (and any aforesaid Affiliate thereof) for costs and expenses incurred by them in the course of pursuing any Improvement initiated by WESCO exercising any option under this Section 2.5, except where and to the extent (i) such Improvement was implemented or (ii) the efforts to implement such Improvement pursuant to Section 2.5(b) ceased at the election of the AES Subsidiaries (other than for reasons of impracticability) and WESCO did not otherwise make use of the product of such costs and expenses in its continued pursuit of exercise of a subsequent option with respect to such Improvement pursuant to Sections 2.5(c) or (d) for which it is required to make reimbursement. Reimbursement shall be made promptly subject to reasonable documentation and upon cessation of implementation.

(f) Information and Diligent Pursuit. The Parties shall make available to each other information reasonably necessary to provide or assess any Notice delivered or to be delivered under, or to perform the obligations set forth in, this Section 2.5, and shall diligently pursue the expeditious implementation of any Improvement for which a proper Notice under this Section 2.5 has been given.

ARTICLE III REGULATORY MATTERS

3.1 Pre-Assignment Regulatory Cooperation. (a) Until the date that the Assignment of the MRAs is allowed to take effect, the Parties will make commercially reasonable efforts to

assist one another in obtaining any FERC, ISO or CPUC consents, authorizations, or other rulings necessary or desired for the commercial operation of the Facilities, including the approval of the Assignment of the MRAs and the development of reasonable MRA rates, terms, and conditions; and provided that each Party will pay its own out-of-pocket expenses (including, without limitation, attorneys' fees) and one-half of all jointly incurred consultants' fees. This commitment to cooperate shall include all commercially reasonable efforts by the AES Subsidiaries to have Southern California Edison Company ("Edison") file a case in chief supporting its original filing no later than May 31, 1998 in Southern California Edison Company, FERC Docket No. ER98-441 (the "Case") unless there is a settlement in principle on all rate issues in such proceeding by such date; provided, further, that if Edison refuses to voluntarily file a case in chief, the AES Subsidiaries in good faith will consider at WESCO's request the need to obtain, and will provide reasonable assistance to any effort by WESCO to obtain, an order or ruling in the Case compelling Edison to file a case in chief supporting its original filing in the Case; and

(b) During the period described in Section 3.1(a), each Party will in good faith solicit and consider the views of the other before making any filing, appearance, presentation, argument, opinion, or proposal to FERC, ISO or CPUC; provided, however, that until the Assignment of the MRAs takes effect, in the event of a disagreement between the Parties about such a filing, appearance, presentation, argument, opinion, or proposal, each Party will have the final say over its own actions.

3.2 MRAs To Be Assigned To WESCO As Rate Schedules. Subject to the proviso of Section 3.6, once the Assignment takes effect, the MRAs on file at FERC in the name of AES Subsidiaries will become WESCO rate schedules for all purposes under Section 205 of the Federal Power Act; provided, however, that without the consent of WESCO, which shall not be unreasonably withheld, the AES Subsidiaries will not seek to withdraw from the Case.

3.3 Post-Assignment Control of FERC Proceedings. Subject to Section 3.6, when the Assignment of the MRAs to WESCO takes effect:

(a) AES Subsidiaries will not make any filing, pleading, communication, analysis, appearance, presentation, argument, opinion, or proposal regarding (i) the MRAs, (ii) the Tolling Agreement, or (iii) the Facilities to the FERC or the CPUC without the prior express consent of WESCO (such consent not to be unreasonably withheld if such items regard the Facilities but not the Tolling Agreement or the MRAs); provided, however, that in the event the AES Subsidiaries are contacted directly by FERC or the CPUC seeking an immediate reply, the AES Subsidiaries will obtain WESCO's consent before responding as circumstances reasonably allow; and provided that WESCO shall not pursuant to this Section 3.3 (a) cause AES Subsidiaries to violate any statute, regulation, or order, as such may be reasonably interpreted by AES Subsidiaries;

(b) In addition to requiring the continued participation of the AES Subsidiaries in the Case, WESCO may, at its option, cause the AES Subsidiaries to participate or appear in any new regulatory proceedings at the FERC regarding the MRAs, the Tolling Agreement or the Facilities;

(c) The AES Subsidiaries, will cooperate in a commercially reasonable manner, at their expense, with requests by WESCO for information and other like guidance intended to assist WESCO in achieving its regulatory objectives regarding the Tolling Agreement, the Facilities and/or the MRAs; provided, however, the AES Subsidiaries shall not be required to pay for the costs and fees of consultants, including Putnam, Hayes & Bartlett, to the extent such consultants perform services after the Assignment at the request of WESCO (whether or not the services were requested before the Assignment). Accordingly, for example, after the date of Assignment of the MRAs to WESCO, WESCO shall be responsible for all of Putnam, Hayes & Bartlett's fees and expenses regarding their assistance with respect to matters at issue in the Case;

(d) If FERC issues any order requiring the AES Subsidiaries to file the Tolling Agreement, or if pursuant to Section 3.3(a) AES is authorized by WESCO to file, or the AES Subsidiaries files, such Agreement with FERC, the AES Subsidiaries shall request confidential treatment of all commercially sensitive information contained therein and shall bear its own expenses, including attorneys' fees, with regard to such matters; and

(e) The AES Subsidiaries will in good faith, as circumstances allow, solicit and consider the views of WESCO before making any filing, appearance, presentation, argument, opinion or proposal to FERC or the CPUC regarding any contract, tariff, or other regulatory matter, other than the MRAs, the Tolling Agreement or the Facilities to which the AES Subsidiaries are parties - including, without limitation, exempt wholesale generator status and non-MRA agreements with the ISO; provided, however, that in the event of a disagreement between the Parties about a regulatory matter not directly related to the MRAs, the Tolling Agreement or the Facilities, the determination of the AES Subsidiaries will govern.

3.4 Regulatory Representatives. Each Party has designated at the end of this Agreement one (1) Regulatory Representative and one (1) Alternate Regulatory Representative. These Representatives shall give expedited consideration to issues and questions that arise under this Article III, and shall speak authoritatively on regulatory matters. Each Party shall be entitled to rely on statements by the other Party's Regulatory Representatives.

3.5 Non-Liability. Except as expressly set out in this Article III, neither Party owes any duty, or will have any liability, to the other Party arising from any strategy, filing, appearance, presentation, argument, opinion, or proposal that a Party has previously adopted or may adopt in pursuing regulatory objectives before FERC; and each Party expressly waives and disclaims all warranties of future outcomes before any regulatory body.

3.6 Partial Assignment. In the event of less than a full assignment of the MRAs to WESCO, Sections 3.2 and 3.3 will be revised to reflect accurately the respective duties, rights and liabilities of the Parties under the MRAs.

**ARTICLE IV
EVENTS OF DEFAULT; REMEDIES**

4.1 Events of Default. The following shall constitute events of default in respect of a Party (the "Defaulting Party") under this Agreement (each an "Event of Default"):

- (a) failure by the Defaulting Party to perform any obligation to the other Party (the "Non-Defaulting Party") set forth in this Agreement, or
- (b) there shall have occurred and be continuing any event of default under the Tolling Agreement.

**ARTICLE V
NOTICES**

All notices, demands or requests required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by certified United States mail (postage prepaid, return receipt requested), overnight express mail, courier service or facsimile transmission (with the original transmitted by any of the other aforementioned delivery methods) addressed as follows:

If to the AES Subsidiaries to:

The AES Corporation
1001 North 19th Street
Arlington, VA 22209

Attention: General Counsel
(703) 528-4810

and

If to WESCO to:

Williams Energy Services Company
One Williams Center, Suite 1800
Tulsa, OK 74172

Attention: Contract Management
(Fax) 918-594-1935

with a copy to:

Williams Holdings of Delaware, Inc.
One Williams Center, Suite 4000
Tulsa, OK 74172

Attention: General Counsel
(Fax) 800-479-6690

and

Jones, Day, Reavis & Pogue
599 Lexington Avenue
New York, New York 10022

Attention: William F. Henze II
(Fax) 212-755-7306

or to such other Person at such other address as a Party shall designate by like notice to the other Party.

Unless otherwise provided herein, all notices hereunder shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the first Business Day after the day on which received.


ARTICLE VI MISCELLANEOUS PROVISIONS

6.1 Entire Agreement. This Agreement, including all Exhibits hereto, together with the Tolling Agreement, constitutes the entire agreement between the Parties hereto with respect to the matters contained herein and therein, and all prior agreements with respect to the matters covered herein are superseded, and each Party confirms that it is not relying upon any representations or warranties of the other Party, except as specifically set forth herein or incorporated by reference hereto.

6.2 Incorporation by Reference. Articles XII (Dispute Resolution), XIV (Liability), XVII (Uncontrollable Force), XX (Assignment), XXII (Conditions) and Sections 18.2 (Remedies), 23.2 (Expenses), 23.3 (Third Party Beneficiaries), 23.4 (Announcements), 23.5 (Confidentiality), 23.8 (Captions), 23.9 (Waiver), 23.10 (Choice of Laws), 23.11 (Successors and Assigns), 23.12 (Counterparts), 23.14 (Severability), 23.15 (Amendment) and 23.16 (Submission to Jurisdiction; Waiver) of the Tolling Agreement are incorporated herein by reference, mutatis mutandis.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

WILLIAMS ENERGY SERVICES
COMPANY

By: 
Name: Bruce A. Sukaly
Title: Vice President



AES REDONDO BEACH, L.L.C.

By: _____
Name: _____
Title: _____

AES ALAMITOS, L.L.C.

By: _____
Name: _____
Title: _____

AES HUNTINGTON BEACH, L.L.C.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

WILLIAMS ENERGY SERVICES
COMPANY

By: _____
Name:
Title:

AES REDONDO BEACH, L.L.C.

By: John Ruggirella
Name: JOHN RUGGIRELLA
Title: CHIEF EXECUTIVE MANAGER

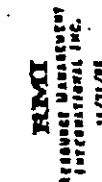
AES ALAMITOS, L.L.C.

By: John Ruggirella
Name: JOHN RUGGIRELLA
Title: CHIEF EXECUTIVE MANAGER

AES HUNTINGTON BEACH, L.L.C.

By: John Ruggirella
Name: JOHN RUGGIRELLA
Title: CHIEF EXECUTIVE MANAGER

LOS ANGELES BASIN TRANSMISSION SYSTEM



Schedule 2.5 (a)

<u>Option</u>	<u>MW</u>	<u>Location (Delivery Point)</u>
AL1	175	Alamitos
AL2	175	Alamitos
AL3	320	Alamitos
AL4	320	Alamitos
HBX	563	Huntington Beach
RB5	175	Redondo Beach
RB6	175	Redondo Beach
RB7/8	960	Redondo Beach

Options may be exercised in any combination and to any Delivery Point, subject to and limited by the restrictions in the AES Subsidiaries loan agreements, and in the AES Subsidiaries reasonable judgement, the limitations of the facilities themselves.

AL7 133 ALAMITOS
HB5 133 HUNTINGTON BEACH

TWC Schedule 2.5(b)

Date	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
A1	28.30	28.03	27.77	27.51	26.81	26.13	25.47	24.47	23.34	22.09	20.81	19.36	17.80	16.06	14.21	12.20	10.08	7.79	5.30	2.65
A2	28.26	27.99	27.74	27.47	26.77	26.10	25.44	24.43	23.31	22.07	20.78	19.33	17.77	16.04	14.19	12.18	10.06	7.78	5.29	2.65
A3	52.43	51.99	51.60	51.09	49.78	48.54	47.30	45.40	43.29	40.96	38.55	35.88	32.94	29.73	26.30	22.57	18.53	14.39	9.79	4.90
A4	50.53	50.12	49.74	49.25	47.96	46.79	45.59	43.77	41.73	39.48	37.18	34.56	31.74	28.65	25.34	21.75	17.95	13.87	9.43	4.72
A5	98.30	97.60	96.98	96.00	94.53	93.20	91.85	89.25	86.26	82.83	79.20	75.21	71.70	67.68	63.24	58.46	53.36	47.91	42.10	36.05
A6	98.30	97.60	96.98	96.00	94.53	93.20	91.85	89.25	86.26	82.83	79.20	75.21	71.70	67.68	63.24	58.46	53.36	47.91	42.10	36.05
A7	18.26	18.04	17.83	17.67	17.22	16.78	16.37	15.74	15.03	14.24	13.42	12.50	11.50	10.39	9.19	7.89	6.53	5.05	3.44	1.72
H81	39.82	38.48	36.15	33.77	31.78	30.04	28.51	26.47	24.77	23.47	22.29	21.24	20.23	19.26	18.37	17.45	16.56	15.65	14.71	13.78
H82	17.65	17.43	17.22	17.05	16.85	16.62	16.41	16.19	15.98	15.77	15.56	15.35	15.14	14.93	14.72	14.51	14.30	14.09	13.88	13.67
H83	28.85	28.59	28.32	28.05	27.78	27.51	27.24	26.97	26.70	26.43	26.16	25.89	25.62	25.35	25.08	24.81	24.54	24.27	24.00	23.73
H84	29.22	28.94	28.66	28.38	28.10	27.82	27.54	27.26	26.98	26.70	26.42	26.14	25.86	25.58	25.30	25.02	24.74	24.46	24.18	23.90
H85	94.74	94.83	94.91	94.99	95.07	95.15	95.23	95.31	95.39	95.47	95.55	95.63	95.71	95.79	95.87	95.95	96.03	96.11	96.19	96.27
H86	92.61	91.98	91.35	90.72	89.11	88.52	87.93	87.34	86.75	86.16	85.57	84.98	84.39	83.80	83.21	82.62	82.03	81.44	80.85	80.26
Total	\$ 718	\$ 713	\$ 707	\$ 700	\$ 682	\$ 665	\$ 646	\$ 622	\$ 593	\$ 561	\$ 528	\$ 491	\$ 451	\$ 407	\$ 360	\$ 309	\$ 255	\$ 197	\$ 134	\$ 67

- 1. Discount rate = 10%
- 2. Imputed Return on Equity = 12%
- 3. Debt = Approximation

TWC Schedule 25 (4)

Date	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
A1	28.30	27.77	27.51	26.81	26.13	25.47	24.77	24.01	23.29	22.69	22.09	21.49	20.89	20.29	19.69	19.09	18.49	17.89	17.29
A2	28.26	27.74	27.47	26.77	26.10	25.44	24.74	24.00	23.28	22.67	22.07	21.47	20.87	20.27	19.67	19.07	18.47	17.87	17.27
A3	28.22	27.70	27.43	26.73	26.06	25.40	24.70	24.00	23.28	22.67	22.07	21.47	20.87	20.27	19.67	19.07	18.47	17.87	17.27
A4	28.18	27.66	27.39	26.69	26.02	25.36	24.66	23.96	23.24	22.63	22.03	21.43	20.83	20.23	19.63	19.03	18.43	17.83	17.23
A5	28.14	27.62	27.35	26.65	25.98	25.32	24.62	23.92	23.20	22.59	21.99	21.39	20.79	20.19	19.59	18.99	18.39	17.79	17.19
A6	28.10	27.58	27.31	26.61	25.94	25.28	24.58	23.88	23.16	22.55	21.95	21.35	20.75	20.15	19.55	18.95	18.35	17.75	17.15
A7	28.06	27.54	27.27	26.57	25.90	25.24	24.54	23.84	23.12	22.51	21.91	21.31	20.71	20.11	19.51	18.91	18.31	17.71	17.11
A8	28.02	27.50	27.23	26.53	25.86	25.20	24.50	23.80	23.08	22.47	21.87	21.27	20.67	20.07	19.47	18.87	18.27	17.67	17.07
A9	27.98	27.46	27.19	26.49	25.82	25.16	24.46	23.76	23.04	22.43	21.83	21.23	20.63	20.03	19.43	18.83	18.23	17.63	17.03
A10	27.94	27.42	27.15	26.45	25.78	25.12	24.42	23.72	23.00	22.39	21.79	21.19	20.59	19.99	19.39	18.79	18.19	17.59	16.99
A11	27.90	27.38	27.11	26.41	25.74	25.08	24.38	23.68	22.96	22.35	21.75	21.15	20.55	19.95	19.35	18.75	18.15	17.55	16.95
A12	27.86	27.34	27.07	26.37	25.70	25.04	24.34	23.64	22.92	22.31	21.71	21.11	20.51	19.91	19.31	18.71	18.11	17.51	16.91
A13	27.82	27.30	27.03	26.33	25.66	25.00	24.30	23.60	22.88	22.27	21.67	21.07	20.47	19.87	19.27	18.67	18.07	17.47	16.87
A14	27.78	27.26	26.99	26.29	25.62	24.96	24.26	23.56	22.84	22.23	21.63	21.03	20.43	19.83	19.23	18.63	18.03	17.43	16.83
A15	27.74	27.22	26.95	26.25	25.58	24.92	24.22	23.52	22.80	22.19	21.59	20.99	20.39	19.79	19.19	18.59	17.99	17.39	16.79
A16	27.70	27.18	26.91	26.21	25.54	24.88	24.18	23.48	22.76	22.15	21.55	20.95	20.35	19.75	19.15	18.55	17.95	17.35	16.75
A17	27.66	27.14	26.87	26.17	25.50	24.84	24.14	23.44	22.72	22.11	21.51	20.91	20.31	19.71	19.11	18.51	17.91	17.31	16.71
A18	27.62	27.10	26.83	26.13	25.46	24.80	24.10	23.40	22.68	22.07	21.47	20.87	20.27	19.67	19.07	18.47	17.87	17.27	16.67
A19	27.58	27.06	26.79	26.09	25.42	24.76	24.06	23.36	22.64	22.03	21.43	20.83	20.23	19.63	19.03	18.43	17.83	17.23	16.63
A20	27.54	27.02	26.75	26.05	25.38	24.72	24.02	23.32	22.60	21.99	21.39	20.79	20.19	19.59	18.99	18.39	17.79	17.19	16.59
A21	27.50	26.98	26.71	26.01	25.34	24.68	23.98	23.28	22.56	21.95	21.35	20.75	20.15	19.55	18.95	18.35	17.75	17.15	16.55
A22	27.46	26.94	26.67	25.97	25.30	24.64	23.94	23.24	22.52	21.91	21.31	20.71	20.11	19.51	18.91	18.31	17.71	17.11	16.51
A23	27.42	26.90	26.63	25.93	25.26	24.60	23.90	23.20	22.48	21.87	21.27	20.67	20.07	19.47	18.87	18.27	17.67	17.07	16.47
A24	27.38	26.86	26.59	25.89	25.22	24.56	23.86	23.16	22.44	21.83	21.23	20.63	20.03	19.43	18.83	18.23	17.63	17.03	16.43
A25	27.34	26.82	26.55	25.85	25.18	24.52	23.82	23.12	22.40	21.79	21.19	20.59	19.99	19.39	18.79	18.19	17.59	16.99	16.39
A26	27.30	26.78	26.51	25.81	25.14	24.48	23.78	23.08	22.36	21.75	21.15	20.55	19.95	19.35	18.75	18.15	17.55	16.95	16.35
A27	27.26	26.74	26.47	25.77	25.10	24.44	23.74	23.04	22.32	21.71	21.11	20.51	19.91	19.31	18.71	18.11	17.51	16.91	16.31
A28	27.22	26.70	26.43	25.73	25.06	24.40	23.70	23.00	22.28	21.67	21.07	20.47	19.87	19.27	18.67	18.07	17.47	16.87	16.27
A29	27.18	26.66	26.39	25.69	25.02	24.36	23.66	22.96	22.24	21.63	21.03	20.43	19.83	19.23	18.63	18.03	17.43	16.83	16.23
A30	27.14	26.62	26.35	25.65	24.98	24.32	23.62	22.92	22.20	21.59	20.99	20.39	19.79	19.19	18.59	17.99	17.39	16.79	16.19
A31	27.10	26.58	26.31	25.61	24.94	24.28	23.58	22.88	22.16	21.55	20.95	20.35	19.75	19.15	18.55	17.95	17.35	16.75	16.15
A32	27.06	26.54	26.27	25.57	24.90	24.24	23.54	22.84	22.12	21.51	20.91	20.31	19.71	19.11	18.51	17.91	17.31	16.71	16.11
A33	27.02	26.50	26.23	25.53	24.86	24.20	23.50	22.80	22.08	21.47	20.87	20.27	19.67	19.07	18.47	17.87	17.27	16.67	16.07
A34	26.98	26.46	26.19	25.49	24.82	24.16	23.46	22.76	22.04	21.43	20.83	20.23	19.63	19.03	18.43	17.83	17.23	16.63	16.03
A35	26.94	26.42	26.15	25.45	24.78	24.12	23.42	22.72	22.00	21.39	20.79	20.19	19.59	18.99	18.39	17.79	17.19	16.59	15.99
A36	26.90	26.38	26.11	25.41	24.74	24.08	23.38	22.68	21.96	21.35	20.75	20.15	19.55	18.95	18.35	17.75	17.15	16.55	15.95
A37	26.86	26.34	26.07	25.37	24.70	24.04	23.34	22.64	21.92	21.31	20.71	20.11	19.51	18.91	18.31	17.71	17.11	16.51	15.91
A38	26.82	26.30	26.03	25.33	24.66	24.00	23.30	22.60	21.88	21.27	20.67	20.07	19.47	18.87	18.27	17.67	17.07	16.47	15.87
A39	26.78	26.26	25.99	25.29	24.62	23.96	23.26	22.56	21.84	21.23	20.63	20.03	19.43	18.83	18.23	17.63	17.03	16.43	15.83
A40	26.74	26.22	25.95	25.25	24.58	23.92	23.22	22.52	21.80	21.19	20.59	19.99	19.39	18.79	18.19	17.59	16.99	16.39	15.79
A41	26.70	26.18	25.91	25.21	24.54	23.88	23.18	22.48	21.76	21.15	20.55	19.95	19.35	18.75	18.15	17.55	16.95	16.35	15.75
A42	26.66	26.14	25.87	25.17	24.50	23.84	23.14	22.44	21.72	21.11	20.51	19.91	19.31	18.71	18.11	17.51	16.91	16.31	15.71
A43	26.62	26.10	25.83	25.13	24.46	23.80	23.10	22.40	21.68	21.07	20.47	19.87	19.27	18.67	18.07	17.47	16.87	16.27	15.67
A44	26.58	26.06	25.79	25.09	24.42	23.76	23.06	22.36	21.64	21.03	20.43	19.83	19.23	18.63	18.03	17.43	16.83	16.23	15.63
A45	26.54	26.02	25.75	25.05	24.38	23.72	23.02	22.32	21.60	20.99	20.39	19.79	19.19	18.59	17.99	17.39	16.79	16.19	15.59
A46	26.50	25.98	25.71	25.01	24.34	23.68	22.98	22.28	21.56	20.95	20.35	19.75	19.15	18.55	17.95	17.35	16.75	16.15	15.55
A47	26.46	25.94	25.67	24.97	24.30	23.64	22.94	22.24	21.52	20.91	20.31	19.71	19.11	18.51	17.91	17.31	16.71	16.11	15.51
A48	26.42	25.90	25.63	24.93	24.26	23.60	22.90	22.20	21.48	20.87	20.27	19.67	19.07	18.47	17.87	17.27	16.67	16.07	15.47
A49	26.38	25.86	25.59	24.89	24.22	23.56	22.86	22.16	21.44	20.83	20.23	19.63	19.03	18.43	17.83	17.23	16.63	16.03	15.43
A50	26.34	25.82	25.55	24.85	24.18	23.52	22.82	22.12	21.40	20.79	20.19	19.59	18.99	18.39	17.79	17.19	16.59	15.99	15.39
A51	26.30	25.78	25.51	24.81	24.14	23.48	22.78	22.08	21.36	20.75	20.15	19.55	18.95	18.35	17.75	17.15	16.55	15.95	15.35
A52	26.26	25.74	25.47	24.77	24.10	23.44	22.74	22.04	21.32	20.71	20.11	19.51	18.91	18.31	17.71	17.11	16.51	15.91	15.31
A53	26.22	25.70	25.43	24.73	24.06	23.40	22.70	22.00	21.28	20.67	20.07	19.47	18.87	18.27	17.67	17.07	16.47	15.87	15.27
A54	26.18	25.66	25.39	24.69	24.02	23.36	22.66	21.96	21.24	20.63	20.03	19.43	18.83	18.23	17.63	17.03	16.43	15.83	15.23
A55	26.14	25.62	25.35	24.65	23.98	23.32	22.62	21.92	21.20	20.59	19.99	19.39	18.79	18.19	17.59	16.99	16.39	15.79	15.19
A56	26.10	25.58	25.31	24.61	23.94	23.28	22.58	21.88	21.16	20.55	19.95	19.35	18.75	18.15	17.55	16.95	16.35	15.75	15.15
A57	26.06	25.54	25.27	24.57	23.90	23.24	22.54	21.84	21.12	20.51	19.91	19.31	18.71	18.11	17.51	16.91	16.31	15.71	15.11
A58	26.02	25.50	25.23	24.53	23.86	23.20	22.50	21.80	21.08	20.47	19.87	19.27	18.67	18.07	17.47	16.87	16.27	15.67	15.07
A59	25.98	25.46	25.19	24.49	23.82	23.16	22.46	21.76	21.04	20.43	19.83	19.23	18.63	18.03	17.43	16.83	16.23	15.63	1

Amendment No. 1

Amendment No. 1 dated as of May 15, 1998 (this "Amendment") to that certain Capacity Sale and Tolling Agreement dated as of May 1, 1998 (as amended and supplemented from time to time, the "Tolling Agreement") by and among AES Alamos, L.L.C., AES Huntington Beach, L.L.C., and AES Redondo Beach, L.L.C. (collectively, the "AES Subsidiaries") and Williams Energy Services Company ("WESCO").

WHEREAS, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto wish to amend and supplement the Tolling Agreement in certain respects, and wish to agree on certain related matters.

Accordingly, the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein without definition have the respective meanings giving to them in the Tolling Agreement, unless otherwise specified or the context otherwise requires.
2. Amendment of Schedules. Schedules 4.3, 8.2 and 10.1 to the Tolling Agreement are attached hereto, and supersede and replace all prior versions thereof.
3. Operator Matters. (a) The AES Subsidiaries agree that, except pursuant to contractual arrangements in effect with Edison on the date hereof, they will not contract or subcontract for the performance of all or any part of their operation and maintenance obligations under the Tolling Agreement to any Person in respect of which WESCO's approval could be reasonably withheld in accordance with Section 4.1(a) of the certain Consent and Agreement dated as of May 15, 1998 among WESCO, the AES Subsidiaries and Credit Suisse First Boston, New York Branch, as collateral agent; provided, however, that the foregoing shall not restrict routine use or sharing in accordance with Accepted Electrical Practices of maintenance employees of competitors of the Company in the energy marketing business (or of their Affiliates), without notice to WESCO, under circumstances that do not result in the disclosure of non-public information in respect of WESCO or the use, operation, maintenance or status of the Facilities, or information of competitive value to WESCO, in any such case, to the material detriment of WESCO.

(b) The AES Subsidiaries agree to perform, or cause to be performed, in favor of WESCO any performance obligation of WESCO under the MRAs in respect of the operation, maintenance or dispatch of the Facilities.

(c) If the AES Subsidiaries would not be required to make a Non-Discretionary Capital Expenditure but for the must run status of the Facilities, the AES Subsidiaries shall be entitled to the appropriate portion of the compensation paid to WESCO as

reimbursement for or recovery of such Non-Discretionary Capital Expenditure, if any, by the ISO. "Non-Discretionary Capital Expenditure" means a capital expenditure made by the AES Subsidiaries with respect to the Facilities in order to comply with any law or the terms of any contract to which the AES Subsidiaries or any of them is a party.

(d) WESCO shall not propose any Discretionary Capital Expenditure to the ISO pursuant to the MRAs unless (i) the AES Subsidiaries shall be reasonably compensated for such Discretionary Capital Expenditure, and (ii) in the AES Subsidiaries' reasonable judgment, the implementation of such Discretionary Capital Expenditure shall not have a material adverse effect on the AES Subsidiaries, including without limitation, with respect to public relations or permitting. "Discretionary Capital Expenditure" means a capital expenditure made by the AES Subsidiaries other than a Non-Discretionary Capital Expenditure.

4. Interim Arrangement. Prior to June 1, 1998, Sections 4.3 and 8.6 of the Tolling Agreement shall not be effective.

5. Cure Rights for Williams Holdings. (a) From In the event of a default by WESCO in the performance of any of its obligations under the Assigned Agreements (as defined in that certain Consent Agreement dated as of May 15, 1998 among WESCO, the AES Subsidiaries and Credit Suisse First Boston, New York Branch) or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreements which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable the AES Subsidiaries to terminate or suspend their obligations under the Assigned Agreements (hereinafter a "default"), none of the AES Subsidiaries will terminate or suspend performance under any of the Assigned Agreements until they first give prompt written notice of such default to Williams Holdings of Delaware, Inc. ("Williams Holdings") and afford Williams Holdings a period of at least thirty (30) days in respect of a monetary default, and at least one hundred eighty (180) days in respect of a non-monetary default, from receipt of such notice to cure such default, each of such periods to run simultaneously with the applicable cure periods set forth in the Assigned Agreements; provided, however, that if Williams Holdings is prohibited from curing any such default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding involving the AES Subsidiaries, the time period specified herein for curing a default shall be extended for the period of such prohibition.

(b) At any time, Williams Holdings shall have the option to assume all of the right, title and interest of WESCO in and to the Assigned Agreements, and upon written notice to WESCO, WESCO will assign, transfer and set over to Williams Holdings all of its right, title and interest in and to the Assigned Agreements, such assignment and assumption to be evidenced by a written instrument reasonably satisfactory in form and substance to Williams Holdings, WESCO, and the AES Subsidiaries; provided, however, that if at the time Williams Holdings shall exercise its option to assume the Assigned Agreements a default shall have occurred and be continuing thereunder, it shall be a condition precedent to the right of Williams Holdings to assume, and to the effectiveness of its assumption of, the Assigned Agreements that such default be cured.

(c) . Notwithstanding the provisions of Section 23.3 of the Tolling Agreement, the parties hereto agree that Williams Holdings is an express third-party beneficiary of the provisions of this Section 5.

6. Further Assurances. From time to time, each of the parties hereto will execute and deliver such further instruments and will take such other actions as the AES Subsidiaries, on the one hand, or WESCO, on the other hand, may reasonably request of the other in order to effectuate the purposes of this Amendment and to carry out the terms hereof.

7. Miscellaneous. (a) Except as expressly amended hereby, the Tolling Agreement shall remain unmodified and in full force and effect.

(b) The provisions of Article XXIII (Miscellaneous Provisions) in the Tolling Agreement are hereby incorporated into this amendment by this reference, mutatis mutandis.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed as of the date first above written.

AES ALAMITOS, L.L.C.

By: 

Name:

Title:

AES HUNTINGTON BEACH, L.L.C.

By: 

Name:

Title:

AES REDONDO BEACH, L.L.C.

By: 

Name:

Title:

WILLIAMS ENERGY SERVICES COMPANY

By: *Eric J. Kelly*
Name:
Title:



Schedule 4.3 - Shortfall Factor

AS = Availability Shortfall (expressed as a percentage)

= (Guaranteed Availability - Year-to-Date Availability) / Guaranteed Availability

If AS is between:

Then Shortfall factor is:

0%	and	5%	0.5	+	0	*	(AS / 5%)
5%	and	10%	0.5	+	0.3	*	(AS / 10%)
10%	and	15%	0.8	+	0.3	*	(AS / 15%)
15%	and	20%	1.1	+	0.3	*	(AS / 20%)
20%	and	25%	1.4	+	0.1	*	(AS / 25%)
25%	and	30%	1.5	+	0.1	*	(AS / 30%)
30%	and	35%	1.6	+	0.1	*	(AS / 35%)
35%	and	40%	1.7	+	0.1	*	(AS / 40%)
40%	and	45%	1.8	+	0.1	*	(AS / 45%)
45%	and	50%	1.9	+	0.1	*	(AS / 50%)
50%	and	55%	Below this point the Shortfall Factor is calculated by :				
55%	and	60%					
60%	and	65%	SF = (1+(AS - 0.5)*0.2) / AS				
65%	and	70%					
70%	and	75%					
75%	and	80%					
80%	and	85%					
85%	and	90%					
90%	and	95%					
95%	and	100%					

Calculation of The Non Availability Discount Factor

Assume

Contract Signed June 1

Unit Dependable capacity is 480 MW
Fixed Payment is \$36 per KW year
Unit Guaranteed Availability 88.0%

Calculate Non Availability Discount

NAD= $FPAY/12 \cdot UDC \cdot 1000 \cdot SF \cdot AS$

Where

FPAY= Unit Fixed Payment

YTDUA= Year-To-Date Unit Availability

UDC= Unit Dependable Capacity

SF= Shortfall Factor

UGA= Unit Guaranteed Availability

	June	July	August	September	October	November	December	January	February	March	April	May	YTD
UGA	88%												
Availability													
FPAY	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0	\$38.0
YTDUA	1	2	3	4	5	6	7	8	9	10	11	12	
UDC	480	480	480	480	480	480	480	480	480	480	480	480	480
YTDUA	43%	65%	72%	76%	79%	81%	82%	72%	75%	76%	77%	78%	77.92%
AS	50.00%	25.00%	16.28%	11.63%	8.60%	6.40%	4.65%	16.57%	12.92%	11.63%	10.47%	9.40%	9.40%
SF	2.00	1.60	1.34	1.03	0.78	0.69	0.60	1.36	1.08	1.03	1.01	0.78	0.78
NAD YTD	\$1,520,000	\$570,000	\$332,808	\$182,499	\$99,158	\$67,255	\$35,340	\$339,846	\$207,851	\$182,499	\$160,649	\$111,720	\$1,340,835
Non Avail. Discount	\$1,520,000	\$380,000	\$142,176	\$78,729	\$42,407	\$28,268	\$15,090	\$149,723	\$94,608	\$82,470	\$75,442	\$426,409	\$1,340,835
Capacity Payment	\$0	\$1,900,000	\$1,682,176	\$1,787,229	\$1,784,207	\$1,812,766	\$1,876,090	\$1,949,723	\$2,366,509	\$1,645,970	\$1,078,942	\$1,945,409	\$16,899,365

SCHEDULE 8.2

Dispatch and Operating Procedures

Scheduling Coordinator

WESCO will be the Scheduling Coordinator ("SC") for all 14 Units, pursuant to the Scheduling Coordinator Agreement dated as of May __, 1998 ("SCA") between WESCO and the AES Subsidiaries. As SC, pursuant to the SCA, WESCO will have exclusive responsibility for the interface with the ISO for all Non-market Transaction dispatch requests and the PX for all Market Transaction dispatch requests. The dispatch responsibility will include all Net Electric Energy and Ancillary Services. The AES Subsidiaries will be responsible for operation of the Units to the requested Capacity level and for provisions of the requested Ancillary Services each hour.

Maintenance and Outages

Planned Outages. (a) WESCO shall furnish to the AES Subsidiaries on or prior to the Effective Date and on each August 1 during the term a forecast of the operation which includes a monthly estimate of Unit MWhs of the Facilities for the following three years in order to provide the AES Subsidiaries with planning information to support the AES Subsidiaries' scheduling of Planned Outages. WESCO shall provide updates quarterly to the forecast for the next 12 months.

(b) The AES Subsidiaries shall furnish to WESCO on or prior to the Effective Date and on each September 15 during the Term a forecast of the Planned Outage for all Units for the following three years. The AES Subsidiaries shall provide updates to the forecast in a timely manner, but not less frequently than quarterly.

(c) The AES Subsidiaries shall coordinate the scheduling of all Planned Outages with WESCO and such schedule shall be consistent with the terms of the MRAs and subject to WESCO's reasonable approval and the provisions of Paragraph (d), below.

The AES Subsidiaries will submit to WESCO a 15-month Planned Outage schedule for each Unit no later than September 15 of each calendar year. WESCO will indicate its approval or objection such approval not to be reasonably withheld to the proposed Planned Outage Schedule by December 15 of the same calendar year. The AES Subsidiaries shall update the Planned Outage Schedule each January 1, April 1, and July 1 for the following 12 months. The quarterly updates shall indicate any proposed changes to previously approved Planned Outages, such changes, except as noted in paragraph (e) below, are subject to WESCO approval. Requests for Planned Outages or changes therein must include the following information:

- The affected Unit and the reason for the outage
- The work to be performed
- The earliest date the outage can begin
- The latest the outage can begin
- The expected duration of the outage
- The date the AES Subsidiaries would propose to begin the outage.

The AES Subsidiaries shall update the Planned Outage Schedule and provide Notice thereof to WESCO from time to time during the Term as provided in Schedule 8.2. Any change in the Planned Outage Schedule or any of the matters set forth therein shall be subject to the approval of WESCO. The AES Subsidiaries shall notify WESCO immediately upon the occurrence of any event or circumstance which could affect any Unit's return to service on the scheduled date thereof.

(d) Planned Outages shall not be scheduled during any Designated Month. In each Contract Year WESCO will provide the AES Subsidiaries at least two periods, separated by at least ninety (90) Days unless the AES Subsidiaries shall consent otherwise, of two and one-half consecutive non-Designated Months for scheduling of Planned Outages.

(e) Subject to the provisions of paragraph (d), the AES Subsidiaries will be permitted to change the schedule for a Planned Outage upon three (3) months' Notice to WESCO subject to WESCO consent. For all Planned Outages, the AES Subsidiaries will provide WESCO a request to commence the Planned Outage no earlier than 7 days before the outage and no later than 3 days before the start of the outage. WESCO will provide the AES Subsidiaries with approval and confirmation of the Planned Outage within 24 hours of the planned start date. The advance approval notice is subject to the requirements of the MRAs. The AES Subsidiaries will be responsible to notify immediately WESCO if there is any change to an approved outage. The notification is required with respect to changes in outages that have not begun and outages that are in progress.

Maintenance Outages. The AES Subsidiaries shall coordinate the scheduling of all Maintenance Outages and Maintenance Deratings during the Term with WESCO in accordance with the procedures therefor in this Schedule 8.2. The AES Subsidiaries shall provide Notice to WESCO of (i) the reason for each Maintenance Outage or Maintenance Derating, (ii) the Unit or Units affected, and (iii) the proposed date and time for the commencement and termination of such Maintenance Outage or Maintenance Derating (a "Maintenance Outage Schedule") from time to time during the Term as provided in this Schedule 8.2. Any change in a Maintenance Outage Schedule or in any of the matters set forth therein shall be subject to the procedures set forth therefor in this Schedule 8.2. The AES Subsidiaries shall notify WESCO immediately upon the occurrence of any event or circumstance which could result in the inability of the affected Units to return to service on the scheduled date therefor.

Forced Outages. The AES Subsidiaries shall provide Notice to WESCO as soon as possible concerning any Forced Outage or Forced Derating setting forth (i) the reason for such Forced Outage or Forced Derating, (ii) the Unit or Units affected and (iii) the proposed date and time for the termination of such Forced Outage or Forced Derating (a "Forced Outage Schedule") during the Term as provided in this Schedule 8.2. Any change in a Forced Outage Schedule or in any of the matters set forth therein shall be subject to the procedures set forth therefor in Schedule 8.2.

If the AES subsidiaries must perform a Maintenance Outage, Forced Outage, Maintenance Derating or Forced Derating, the AES Subsidiaries will immediately provide WESCO with an outage request that includes the following information:

- The affected Unit and the reason for the outage or derating
- The work to be performed
- The earliest date the outage or derating can begin (or began)
- The latest the outage can begin (if applicable)
- The expected duration of the outage
- The date the AES Subsidiaries would propose to begin the outage (if applicable)

WESCO will provide the AES Subsidiaries WESCO's preferred outage dates within 24 hours of the receipt outage request. If the WESCO dates and the AES Subsidiaries dates do not coincide, the parties will work in good faith to determine the outage date and if unable to agree, the outage schedule will be determined pursuant to Article XII.

Scheduling

WESCO will provide the AES Subsidiaries with an anticipated daily Unit forecast for the next 7 Days, each Monday no later than 11:00 PPT.

The AES Subsidiaries will provide WESCO a monthly report of actual Unit Planned Outage Hours, Maintenance Outage hours, Forced Outage hours, Maintenance Derating hours, Forced Outage hours, attempted Start-ups (Hot, Cold and Warm), actual Start-ups (Hot, Cold and Warm), Gas consumed, oil consumed, electricity consumed, actual Net Electric Energy delivered and actual MVARs within 10 days following the end of each month for each Unit. The report will indicate whether Unit Maintenance Outage hours during the month will count against the pool of Unit Planned Outage Hours.

WESCO will Dispatch the Units within the limits described in Schedules A, B, 4.1, 5.4, and 6.

The AES Subsidiaries will communicate with WESCO on a daily basis or instantaneously as changes warrant with respect to the availability and status of each Unit. If a WESCO Dispatch Notice includes a Unit Start-up, the AES Subsidiaries will notify WESCO by telephone when the Unit is synchronized and at minimum load ready to be dispatched to the required output. The AES Subsidiaries shall fax a copy of a completed Unit Start-up notice to WESCO within 24 hours of a Unit Start-up. When a dispatch notice requires a Unit Start-up or Shutdown, the AES Subsidiaries will be responsible to coordinate all required switchyard switching with the SCE Grid Control Center.

WESCO and the AES Subsidiaries will communicate all dispatch requests, Unit Start-Up Notices and Unit status Notices by telephone and fax. In the event of a failure of the primary communication link between the AES Subsidiaries and WESCO, both parties will try all available means to communicate including cell phones or additional communication devices as installed. WESCO will install a dedicated phone line, phone and fax machine in the following AES control rooms:

- Alamitos 1 and 2 (if units are off notice will be sent to AL 3 & 4)
- Alamitos 3 and 4, will serve as location for Unit 7 peaker
- Alamitos 5 and 6
- Huntington Beach 1 and 2, will serve as location for Unit 5 peaker
- Redondo Beach 5 and 6
- Redondo Beach 7 and 8

The AES Subsidiaries will be responsible to maintain all equipment within the facilities required by WESCO for proper Unit dispatch, AGC control, Unit status and Unit performance. The AES Subsidiaries will be responsible to maintain the Unit AGC signals to the ISO Energy Control Center.

The ISO reserves the right to communicate directly with the AES Subsidiary generating stations in the event of a system emergency. The AES Subsidiaries will be responsible to inform WESCO as soon as possible of all changes to the schedule or Unit status requested by the ISO as a result of a system emergency. The AES Subsidiaries will be responsible to maintain the required communication links to the ISO.

In the event a Unit is unable to meet a scheduled dispatch notice for any hour, the AES Subsidiaries will immediately call the WESCO dispatcher and inform them of the Unit status. The AES Subsidiaries shall fax a Forced Outage Notice for the affected Units immediately following the phone calls. The Forced Outage Notice should include an estimated time and date the Unit will return to normal.

If a WESCO dispatch request requires an additional ancillary service pursuant to Article 5, paragraph 5.3, the AES Subsidiaries will be responsible to notify and provide WESCO with a cost for the requested service, within 1 hour of the dispatch request. WESCO will approve or change the dispatch request prior to issue of the Final Daily Dispatch Notice. All WESCO requested dispatch notices are considered accepted by the AES Subsidiaries unless WESCO is notified as stated above.

The Daily Unit Availability Notice, Maintenance Outage Notices and Forced Outage Notices will be used by WESCO to calculate the hourly Unit availability for the month and to report unit availability to the ISO pursuant to the requirements of the MRAs.

WESCO expects to participate in several PX markets. These include the day ahead market, hour ahead market and real time market. There will be several types of dispatch notices each day as a result of the various markets. Attached are copies of the dispatch notices.

The following is a time line for the Day Ahead Market.

Day Ahead Market

All times are latest allowable using PPT in relation to Trading Day. Trading Day is the day the power flows.

This is the current timeline and is subject to revision as the ISO, PX, characteristics of plants and system conditions change.

All communication between WESCO and the AES Subsidiaries will be by fax and confirmed by telephone unless otherwise specified.

The ISO may, pursuant to its Participating Generator Agreement with the AES Subsidiaries, communicate directly to each control room in the event of a system emergency.

Plant operators will telephone and fax Unit status to WESCO every morning and telephone the WESCO dispatcher immediately if the status or available Capacity should change within the day. The AES Subsidiary operator shall immediately confirm the Unit status change by fax to WESCO.

Time	Action
0430 One Day Ahead	AES plant operators fax Availability Notice to WESCO
0500 One Day Ahead	WESCO confirms, by telephone, to plant operators, receipt of Availability Notice.
1400 One Day Ahead	WESCO forwards preferred Day-Ahead schedules to plant operators by fax and confirm receipt by telephone
1500-1700 One Day Ahead	WESCO updates plant operators, by telephone, on adjusted Day-Ahead schedules
1830 Ahead	WESCO will notify plant operators by fax of final Unit Dispatch schedule for One Day the Trading Day, and confirmed by telephone
1845 One Day Ahead	AES plant operators verify, by phone, receipt of Final Unit Dispatch Schedule for the Trading Day.

The following is the time line for the Hour Ahead schedule.

Hour Ahead Market

All times are latest allowable using PPT in relation to Trading Hour.

This is the current timeline and is subject to revision as the ISO, PX, characteristics of plants and system conditions change.

All communication between WESCO and AES will be by fax and confirmed by telephone, unless otherwise specified.

The ISO is will communication directly to each control room in the event of a system emergency.

The AES Subsidiaries will telephone the WESCO dispatcher immediately if status or availability Capacity of a Unit should change within the day. The AES Subsidiary operator shall confirm the telephone notice with a Unit status update fax to WESCO immediately thereafter.

Two hours ahead

WESCO submits its preferred Hour-Ahead schedules, any adjustment bids, any Ancillary Services bids, and any self-provision schedules to the ISO or PX.

One hour ahead

WESCO provides a fax to the AES Subsidiaries of an updated schedule for the dispatch of the affected Units. The AES Subsidiaries will confirm receipt of the fax telephonically to WESCO dispatcher.

The following is the time line for the real time schedule.

Real Time Market

All times are latest allowable using PPT in relation to Trading Hour

This is the current timeline and is subject to revision as the ISO, PX, characteristics of plants, and system conditions change.

All times are latest allowable using PPT in relation to Trading Hour

30 Minutes Ahead

WESCO submit supplemental energy bids to the ISO.
ISO delivers hourly dispatch notice to must-run owner's SCs

During Trading Hour

ISO operates the system, procures imbalance Energy and issues real-time dispatch instructions, including Must-Run Dispatch Notices

AES UNIT MAINTENANCE/FORCED OUTAGE REQUEST

Today's Date: ___/___/___ Affected Unit: _____

Name of Requestor: _____

Type of Outage Requested: _____ Forced _____ Maintenance

Earliest Outage Start Date: ___/___/___ Start Time: _____ Hours

Latest Outage Start Date: ___/___/___ Start Time: _____ Hours

Preferred Outage Start Date: ___/___/___ Start Time: _____ Hours

Outage Duration: Days _____ Hours _____

MW Unavailable: _____ MW

Work To Be Performed:

Special Conditions:

Emergency Return To Service Time: _____ Hours

WESCO Approval: _____

DAILY UNIT AVAILABILITY NOTICE by AES

Generation Date

_____ (notice must be sent by 04:30 PPT each day)

Station **Alameda**
Unit **AL-1**

Issued By: _____
Issued At: _____

Unit 100% Available No Restrictions

Hour Ending	Available Output	Minimum Output	AGC Available	AGC Min Limit	AGC Max Limit	Ramp Rate	Comments
	(MW)	(MW) (non AGC)	YES/NO	(MW)	(MW)	MW/Min	
1:00							
2:00							
3:00							
4:00							
5:00							
6:00							
7:00							
8:00							
9:00							
10:00							
11:00							
12:00							
13:00							
14:00							
15:00							
16:00							
17:00							
18:00							
19:00							
20:00							
21:00							
22:00							
23:00							
0:00							

Comments:

PREFERED DAY AHEAD UNIT DISPATCH NOTICE by WESCO

Generation Date (notice must be sent by 14:00 PPT each day)

Station Alamitos Issued By:
 Unit AL 1 Issued At:

Hour Ending	Scheduled Output	AGC Scheduled	AGC Min Limit	AGC Max Limit	Spinning Reserve	Non Spinning	Voltage Support	Comments
	(MW)	YES/NO	(MW)	(MW)	(MW)	(MW)	Yes/No	
1:00								
2:00								
3:00								
4:00								
5:00								
6:00								
7:00								
8:00								
9:00								
10:00								
11:00								
12:00								
13:00								
14:00								
15:00								
16:00								
17:00								
18:00								
19:00								
20:00								
21:00								
22:00								
23:00								
0:00								

Comments:

FINAL DAY AHEAD UNIT DISPATCH NOTICE by WESCO

Generation Date _____ (notice must be sent by 18:00 PPT each day)

Station Alameda Issued By: _____
 Unit AL 1 Issued At: _____

Hour Ending	Scheduled Output	AGC Scheduled	AGC Min Limit	AGC Max Limit	Spinning Reserve	Non Spinning	Voltage Support	Comments
	(MW)	YES/NO	(MW)	(MW)	(MW)	(MW)	Yes/No	
1:00								
2:00								
3:00								
4:00								
5:00								
6:00								
7:00								
8:00								
9:00								
10:00								
11:00								
12:00								
13:00								
14:00								
15:00								
16:00								
17:00								
18:00								
19:00								
20:00								
21:00								
22:00								
23:00								
0:00								

Comments:

UNIT STATUS CHANGE NOTICE by WESCO

Generation Date _____

Station Alamitos Issued By: _____
 Unit AL 1 Issued At: _____

Changes From Scheduled Delivery are highlighted

Comments:

Hour Ending	Scheduled Output	AGC Scheduled	AGC Min Limit	AGC Max Limit	Comments
	(MW)	YES/NO	(MW)	(MW)	
1:00					
2:00					
3:00					
4:00					
5:00					
6:00					
7:00					
8:00					
9:00					
10:00					
11:00					
12:00					
13:00					
14:00					
15:00					
16:00					
17:00					
18:00					
19:00					
20:00					
21:00					
22:00					
23:00					
0:00					

UNIT START-UP NOTICE by WESCO

Date

Station

Alamitos

Issued By: _____

Unit

AL-1

Issued At: _____

Date and Time Fire In Unit

Date and Time Unit Synchronized

Date and Time Unit Released for dispatch

Electric Consumed During Start-Up

(MWh)

Fuel Consumed During Start-Up

(MMBTUs)



Schedule 10.1 *

AES Alamitos, LLC
Attn: Contact
Address
Address
Phone:
Fax:

REMITTANCE INSTRUCTIONS
Please remit by wire or ACH
For the account of WESCO
FNB-Chicago, Chicago IL
ABA #####

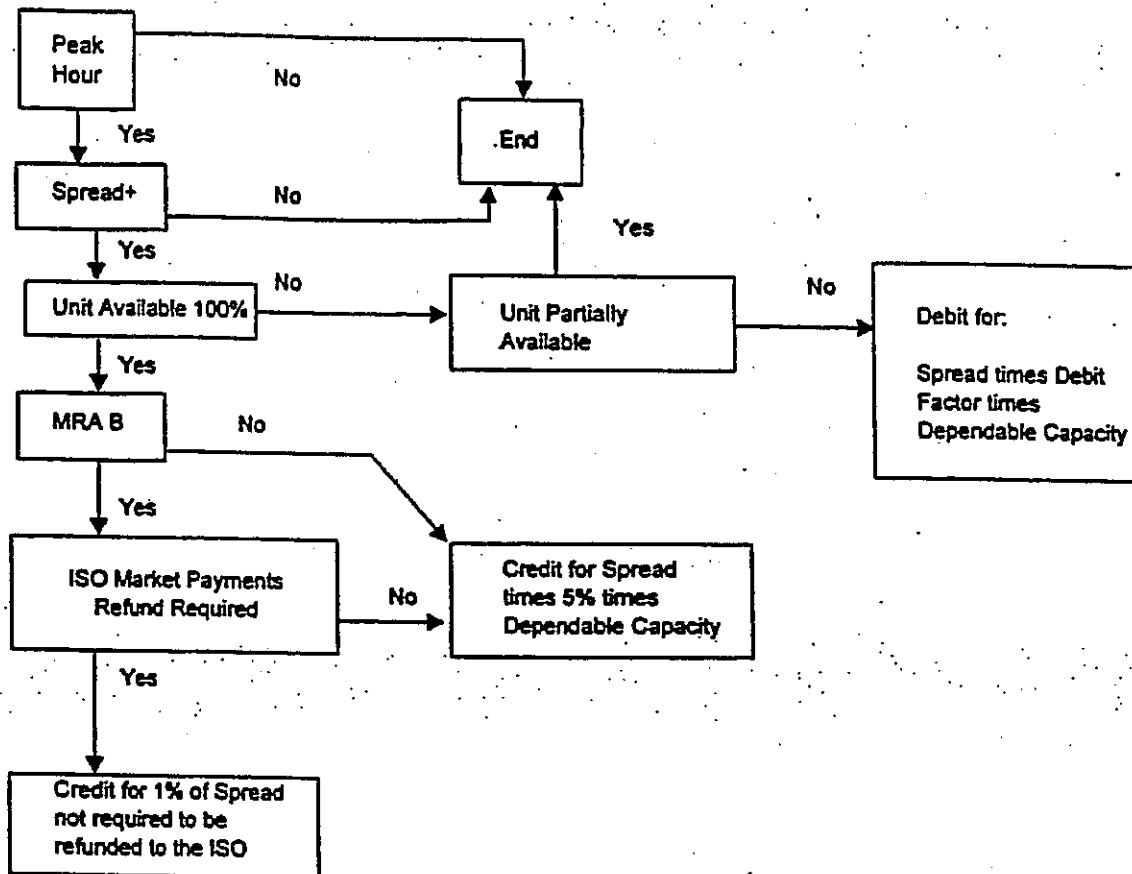
For Billing Inquiries, call contact at ()
8:00 am - 5:00 pm (CST)
P.O. Box 2848, Tulsa, OK 74101-9567

INVOICE
Invoice No: 999999
Invoice Date:
Terms:
Due Date:

Trans Date Deal#	Trans Type Carrier	Description	Quantity	Unit	Rate	Item Amt
6/98		Variable Payment Market				
6/98		Variable Payment Non Market				
6/98		Ancillary Services Payment				
6/98		Start Up Payments				
6/98		Start Up Heat Rate Adjustment				
6/98		Heat Rate True Up				
6/98		Fixed Payment				
6/98		Availability Bonus				
6/98		Availability Discount				
Invoice Total						\$ 84,837.00
						\$ 84,837.00

Availability Bonus:

Unit 1



Schedule 10.1

Example Gas Meter Adjustment Calculations

Alamitos Date

Hour	SoCal Gas Units 1,2,3 & 4 (MMBTUs)	SoCal Gas Unit 5 & 6 (MMBTUs)	SoCal Gas Unit 7 (MMBTUs)	Shell Gas Units 1,2,3 & 4 (MMBTUs)	AL 1 Gas (MMBTUs)	AL 2 Gas (MMBTUs)	AL 3 Gas (MMBTUs)	AL 4 Gas (MMBTUs)	AL 5 Gas (MMBTUs)	AL 6 Gas (MMBTUs)	AL 7 Gas (MMBTUs)
1:00	1875.0	4900.0	0.0	0.0	290.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
2:00	1875.0	4900.0	0.0	0.0	280.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
3:00	1875.0	4900.0	0.0	0.0	280.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
4:00	1875.0	4900.0	0.0	0.0	280.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
5:00	1875.0	4900.0	0.0	0.0	280.0	0.0	0.0	1585.0	2450.0	2450.0	0.0
6:00	4897.5	4900.0	0.0	0.0	280.0	0.0	0.0	4807.5	2450.0	2401.0	0.0
7:00	4897.5	4900.0	0.0	0.0	800.0	0.0	0.0	4297.5	2450.0	2450.0	0.0
8:00	4897.5	4900.0	0.0	0.0	1000.0	0.0	0.0	3897.5	2450.0	2523.5	0.0
9:00	4897.5	7831.0	0.0	200.0	1725.0	0.0	0.0	3013.9	2450.0	5481.0	0.0
10:00	4897.5	7830.0	0.0	300.0	1725.0	0.0	0.0	3172.5	3920.0	3810.0	0.0
11:00	4897.5	8130.0	0.0	0.0	1725.0	0.0	0.0	3331.1	4704.0	3426.0	0.0
12:00	4897.5	8130.0	2187.9	0.0	1725.0	0.0	0.0	3156.6	4704.0	3426.0	2194.5
13:00	4897.5	8130.0	2184.5	0.0	1725.0	0.0	0.0	3140.6	4704.0	3426.0	2236.4
14:00	4897.5	8130.0	2181.2	0.0	1725.0	0.0	0.0	3204.2	4704.0	3426.0	2084.8
15:00	4897.5	9216.0	0.0	0.0	1725.0	0.0	0.0	3238.0	4704.0	4512.0	0.0
16:00	4897.5	9216.0	0.0	0.0	1725.0	0.0	0.0	3140.6	4704.0	4512.0	0.0
17:00	4400.0	9216.0	0.0	0.0	600.0	0.0	0.0	3584.0	4704.0	4811.3	0.0
18:00	4300.0	8800.0	0.0	0.0	777.0	0.0	0.0	3470.2	4704.0	4098.0	0.0
19:00	4800.0	9216.0	0.0	0.0	688.0	0.0	0.0	4082.7	4704.0	4512.0	0.0
20:00	3800.0	8800.0	0.0	0.0	850.0	0.0	0.0	2722.5	2840.0	3751.5	0.0
21:00	3100.0	5000.0	0.0	0.0	280.0	0.0	0.0	2781.9	2840.0	3044.7	0.0
22:00	3000.0	5500.0	0.0	0.0	280.0	0.0	0.0	2882.9	2744.0	2758.0	0.0
23:00	1900.0	4900.0	0.0	0.0	280.0	0.0	0.0	1593.9	2480.0	2450.0	0.0
0:00	1875.0	4900.0	0.0	0.0	290.0	0.0	0.0	1589.2	2450.0	2450.0	0.0
Total	80,222.5	161,045.0	6,543.6	500.0	21,393.0	0.0	0.0	86,600.5	81,830.0	79,415.0	6,517.7

MA7. 15. 1993 1:40PM

918 5941829
WILLIAMS ENERGY GROUP 9185941829

NO. 3717 P. 5/5

Schedule 10.1

Availability Bonus Calculations

[illegible]

24 hours																			
Hours Unit Scheduled to Run																			
HOUR	UDC (MAY)	CUIA (RETURN)	VFP (15/00)	PETP (3/00)	U44 Avails (H)	GP (3/00)	WESCOUL (MAY)	ACTUALUL (MAY)	UHRVAD (RETURN)	MRA A Lead (MAY)	MRA B Lead (MAY)	MRA B extended (MAY)	AUCD (H)	PACP (MAY)	Peak Month Peak Hour (MAY)	Spent (MAY)	Post Bonus (H)	Post (H)	NAD Appls.
5/1258 120	482	9.373	31.08	0.56	100%	32.50	78	78	12.608	0	0	0	31.64828	317.378	0	0.00	12.08	12.08	446
5/1258 200	481	9.373	31.08	0.56	100%	32.50	136	136	16.943	0	0	0	32.04623	318.928	0	0.00	16.96	16.96	Yes
5/1258 200	489	9.373	32.00	0.56	100%	32.60	78	78	11.508	0	0	0	31.64828	315.658	0	0.00	17.00	17.00	No
5/1258 400	486	9.373	32.00	0.56	100%	32.60	78	78	12.608	0	0	0	31.64828	315.953	0	0.00	17.00	17.00	No
5/1258 400	480	9.373	32.00	0.56	100%	32.60	78	78	12.608	0	0	0	31.64828	317.378	1	(1.85)	17.00	17.00	No
5/1258 600	480	9.373	32.00	0.56	100%	32.50	78	78	12.508	0	0	0	31.64828	317.347	1	(1.70)	17.00	17.00	No
5/1258 700	480	9.373	32.00	0.56	100%	32.50	78	78	12.508	0	0	0	31.64828	317.373	1	(0.84)	17.00	17.00	No
5/1258 800	480	9.373	32.00	0.56	100%	32.50	250	250	10.008	0	0	0	31.64828	317.353	1	0.13	17.00	17.00	No
5/1258 900	486	9.373	32.00	0.56	100%	32.50	250	250	10.008	0	0	0	31.64828	317.373	1	0.12	17.00	17.00	No
5/1258 1000	486	9.373	32.00	0.56	100%	32.50	350	350	9.519	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1100	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1200	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1300	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1400	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1500	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1600	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1700	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1800	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 1900	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 2000	486	9.373	32.00	0.56	100%	32.50	450	450	9.213	0	0	0	31.64828	317.373	1	0.46	17.00	17.00	Yes
5/1258 2100	486	9.373	32.00	0.56	100%	32.50	78	78	12.608	0	0	0	31.64828	317.373	1	0.23	16.96	16.96	Yes
5/1258 2200	489	9.373	32.00	0.56	100%	32.60	78	78	11.508	0	0	0	31.64828	315.658	0	0.00	17.00	17.00	Yes
5/1258 2300	486	9.373	32.00	0.56	100%	32.50	78	78	12.608	0	0	0	31.64828	317.373	1	0.00	12.08	12.08	Yes

Where
 AUGC= Unit Dependent Capacity
 CURR= Current Unit Hour Rate
 VPR= Variable Payment
 FSTP= Fixed Start-Up Payment
 OP= Ordered One Price
 WESC= WESCO Dispatched Unit Load
 ACTUAL= Actual Unit Load
 UNPR= Unit Hour Rate at WESCO Dispatch Load
 AUGC= Actual Unit One Cost
 PC= PC-Costs
 PC= PC-Costs

19. The projected start-up payment will be calculated based on expected start-up costs.

Calculation of The Non Availability Discount Factor

Calculation of The Non Availability Discount Factor

Abstract

Contract Signed June 1

Unit Dependable capacity is

Fixed Payment Is

High-Dimensional Availability

Calculate Your Availability Discount

NAD-EPAY/17 • INC • 1070 • SF • AS

114-115

11-18 Effect! Payment!

FRAYS. Our Fray System.
FRAYS. Your To-Go Hot Availability.

YIDUAN

UDC# : 621.372.6.01
 621.372.6.01
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WEEKLY INTERVIEWS

	June	July	August	September	October	November	December	January	February	March	April	May	YTD
UGA	86%	86%	86%	86%	86%	86%	86%	86%	88%	88%	86%	86%	86%
Availability	338.0	338.0	338.0	338.0	338.0	338.0	338.0	338.0	338.0	338.0	338.0	338.0	338.0
FPAY	1	2	3	4	5	6	7	8	9	10	11	12	
YTD	480	480	480	480	480	480	480	480	480	480	480	480	480
UDC	43%	65%	72%	76%	79%	81%	82%	72%	75%	76%	77%	78%	77 92%
YTDUA	50.00%	25.00%	10.28%	11.63%	8.60%	6.40%	4.65%	16.57%	12.92%	11.03%	10.47%	9.40%	9.40%
IAS	2.00	1.50	1.34	1.03	0.76	0.68	0.50	1.35	1.06	1.03	1.01	0.76	0.76
SF	\$1,620,000	\$570,000	\$332,600	\$182,490	\$99,168	\$67,268	\$35,349	\$339,648	\$207,851	\$182,499	\$160,549	\$111,720	\$1,340,635
NAD YTD	\$1,620,000	\$570,000	\$332,600	\$182,490	\$99,168	\$67,268	\$35,349	\$339,648	\$207,851	\$182,499	\$160,549	\$111,720	\$1,340,635
Non Avail. Discount	\$1,620,000	\$310,000	\$143,176	\$76,729	\$32,207	\$23,264	\$10,090	\$2,489,723	\$846,608	\$456,870	\$389,942	\$326,409	\$1,340,635
Causality Payment	\$0	\$1,620,000	\$1,662,176	\$1,787,629	\$1,744,207	\$1,612,346	\$1,676,090	\$1,648,723	\$2,268,508	\$1,665,870	\$1,678,942	\$1,948,409	\$16,899,285

Schedule 10.1**Spread**

$$\text{Spread} = \text{PXCP} - (\text{VPP} + (\text{GUHR} \cdot \text{GP} / 1000) + \text{PSTP})$$

Where:

PXCP=Initial Day Ahead California PX Unconstrained Clearing Price (\$/MWH)

VPP=Variable Payment Price (\$/MWH)

GUHR=Guaranteed Unit heat rate at the dependable capacity (BTU/KWh) per Schedule 7

PSTP= Prorated Start-up payment (\$)

GP=Hourly Gas Price (\$/MMBTU)

Heat Rate True Up

$$\text{HRTUP} = \text{Actual Gas Cost} - \text{Guaranteed Gas Cost}$$

Where:

Actual Gas Cost = Adjusted Unit Hourly Gas Consumption (MMBTU) * Hourly Gas Price (\$/MMBTU)

Guaranteed Gas Cost = (Guaranteed Unit Heat Rate at WESCO Unit Dispatch Load (BTU/KWh) *
Actual Unit output (MWh) * Hourly Gas Price (\$/MMBTU) / 1000)

Notes:

1. If HRTUP is negative, WESCO will credit AES. If HRTUP is positive, AES will pay WESCO HRTUP for the applicable hour.
2. Adjusted unit hourly gas consumption is calculated from the Unit gas meters and adjusted to the Revenue meters.

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Amendment No. 1

FEDERAL ENERGY
REGULATORY COMMISSION

Amendment No. 2 dated as of March 5, 2002 (this "Amendment No. 2") to that certain Capacity Sale and Tolling Agreement dated as of May 1, 1998 (as amended and supplemented from time to time, the "Tolling Agreement") by and among AES Alamos, L.L.C., AES Huntington Beach, L.L.C., and AES Redondo Beach, L.L.C. (collectively, the "AES Subsidiaries") and Williams Energy Marketing & Trading Company (formerly Williams Energy Services Company) ("Williams EM&T").

WHEREAS, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto wish to amend and supplement the Tolling Agreement in certain respects, and wish to agree on certain related matters.

Accordingly, the parties hereto agree as follows:

1. Definitions and Section References. Capitalized terms used herein without definition have the respective meanings given to them in the Tolling Agreement, unless otherwise specified or the context otherwise requires. Section references are to the Tolling Agreement.

2. Availability Bonus Amendment. Effective May 1, 2002.

(a) The text of Section 1.9 is deleted in its entirety and replaced with the following:

"Availability Bonus has the meaning specified in Section 4.4."

(b) The texts of Section 1.13 and Section 1.98 are deleted in their entirety, and each is replaced with the following:

"[Intentionally Omitted]."

(c) Schedule 10.1 is amended to (i) delete in their entirety the Sections with the headings "Availability Bonus", "Availability Bonus Calculation", and "Spread" and (ii) replace the Section with the heading "Spread" with the following: "Availability Bonus - See Section 4.4."

(d) Section 4.4 is deleted in its entirety and replaced with the following:

"4.4 Availability Bonus. (a) On each date a Fixed Payment is due following a Designated Month, WESCO shall pay the AES Subsidiaries the Availability Bonus, if any, applicable to each of the Facilities, as calculated pursuant to Section 4.4(b) and Section 4.4(c).

(b) (i) If the megawatt weighted average Availability of all of the Units at all Facilities during a Designated Month ("Portfolio Availability") is greater than or equal to 75%, and (ii) if the megawatt weighted average Availability of all Units at a Facility (Alamos,

Huntington Beach, or Redondo Beach, as the case may be) during Peak Times of such Designated Month (each, in respect of the relevant Facility, the "Peak Time Facility Availability") is greater than 86%; then (iii) subject to Section 4.4(c), the Availability Bonus for such Facility in respect of such Designated Month shall equal:

For Alamitos: Forty-five thousand dollars (\$45,000) multiplied by (Peak Time Facility Availability minus 86%).

For Huntington Beach: Ten thousand dollars (\$10,000) multiplied by (Peak Time Facility Availability minus 86%).

For Redondo Beach: Thirty thousand dollars (\$30,000) multiplied by (Peak Time Facility Availability minus 86%); and

(iv) if the Portfolio Availability is less than 75% or if the Peak Time Facility Availability is less than 86% for a Facility, then the Availability Bonus for such Facility for such Designated Month shall be zero.

(c) For calendar years 2002, 2003, and 2004, Availability Bonus amounts calculated pursuant to Section 4.4(b)(iii) shall be reduced by 50%."

3. Miscellaneous. (a) Except as expressly amended hereby, the Tolling Agreement shall remain unmodified and in full force and effect.

(b) The provisions of Article XXIII (Miscellaneous Provisions) in the Tolling Agreement are hereby incorporated into this Amendment No. 2 by this reference, mutatis mutandis.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be duly executed as of the date first above written.

AES ALAMITOS, L.L.C.

AES REDONDO BEACH, L.L.C.

By: [Signature]

Name: President Mark Woodward
Title: President, AES Southland L.L.C.

By: [Signature]

Name: Mark Woodward
Title: President, AES Southland

AES HUNTINGTON BEACH, L.L.C.

WILLIAMS ENERGY MARKETING & TRADING COMPANY

By: [Signature]

Name: Mark Woodward
Title: President, AES Southland L.L.C.

By: [Signature]

Name: Philip D. Scalzo
Title: Vice President

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LSCA